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Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Financial Statements
With Auditors' Report
For the Years Ended December 31, 2003 and 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

Bossier Office of Community Services, Inc.
Bossier City, Louisiana

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Independent Auditors' Report

To the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

We have audited the accompanying statements of financial position of the Bossier Office of Community Services, Inc., (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Bossier Office of Community Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Bossier Office of Community Services, Inc. as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2004, on our consideration of Bossier Office of Community Services, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Bossier Office of Community Services, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules shown on pages 14-15, are presented for the purpose of additional analysis and are not a required part of the financial statements of Bossier Office of Community Services, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents and shown on pages 17-23 are presented for the purpose of providing various funding sources of Bossier Office of Community Services, 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 Bossier Office of Community Services, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously and shown on pages 17-23 are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook & Morehart
Certified Public Accountants
May 17, 2004

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Statements of Financial Position
 December 31, 2003 and 2002

Assets

	2003	2002
Current assets:		
Cash	\$ 366,117	\$ 199,888
Grant receivables	246,219	475,328
Account receivable-other	54,059	33,031
Due from other funds	340,520	281,690
Total current assets	1,006,915	989,937
Property and equipment:		
Property and equipment	1,756,177	1,699,000
Accumulated depreciation	(1,083,709)	(985,162)
Net property and equipment	672,468	713,838
Total Assets	\$ 1,679,383	\$ 1,703,775
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 97,779	\$ 147,148
Accrued liabilities	217,090	160,638
Current portion of long-term debt	5,890	2,596
Due to other funds	340,520	281,690
Other Liabilities	1,437	2,578
Refundable advances	92,286	240,198
Total current liabilities	755,002	834,848
Long-term debt, less current portion	14,868	5,179
Total liabilities	769,870	840,027
Net assets:		
Unrestricted:		
Operating	119,250	99,871
Designated for specific programs	138,553	57,814
Fixed assets	651,710	706,063
Total net assets	909,513	863,748
Total Liabilities and Net Assets	\$ 1,679,383	\$ 1,703,775

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

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Statements of Activities
 For the Years Ended December 31, 2003 and 2002

	Unrestricted	
Revenues and Other Support:	2003	2002
Contractual revenue - grants	\$ 5,569,919	\$ 5,456,042
Miscellaneous revenues	298,140	236,538
Total revenues and other support	5,868,059	5,692,580
Expenses:		
Head start and early head start program	3,171,224	2,629,133
Child nutrition	264,535	247,049
Community services	302,889	267,955
Transit services	59,225	80,207
Family day care home	342,038	320,316
Home energy assistance	198,794	748,381
Weatherization assistance	364,288	429,892
Youth shelter	958,021	932,980
School lunch program	141,909	129,184
General services	19,371	4,061
Total expenses	5,822,294	5,789,158
Changes in net assets	45,765	(96,578)
Net assets, beginning of year	863,748	960,326
Net assets, end of year	\$ 909,513	\$ 863,748

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

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Statements of Cash Flows
 For the Years Ended December 31, 2003 and 2002

Operating Activities	<u>2003</u>	<u>2002</u>
Change in net assets	\$ 45,765	\$ (96,578)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	100,683	112,336
(Increase) decrease in operating assets:		
Grant receivables	229,109	(119,148)
Other receivables	(21,028)	3,260
Increase (decrease) in operating liabilities:		
Accounts payable	(49,369)	50,768
Accrued liabilities	56,452	38,253
Other liabilities	(1,141)	
Refundable advances	(147,912)	131,461
Net cash provided by operating activities	<u>212,559</u>	<u>120,352</u>
 Investing Activities		
Payments for property and equipment	(42,102)	(56,165)
Net cash used in investing activities	<u>(42,102)</u>	<u>(56,165)</u>
 Financing Activities		
Repayments of debt	(4,228)	(2,093)
Net cash used in financing activities	<u>(4,228)</u>	<u>(2,093)</u>
 Net increase in cash	166,229	62,094
 Cash as of beginning of year	<u>199,888</u>	<u>137,794</u>
 Cash as of end of year	<u>\$ 366,117</u>	<u>\$ 199,888</u>
 Supplemental disclosure:		
Cash paid for interest in 2003 and 2002 was \$1,471 and \$1,130, respectively.		
 Non-cash investing and financing activities:		
Acquisition of equipment		
Cost of equipment	\$ 20,212	
Equipment loan	(17,212)	
Cash down payment for equipment	<u>\$ 3,000</u>	

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

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Bossier Office of Community Services, Inc., (BOCS) is a private nonprofit corporation organized under the laws of the State of Louisiana. BOCS is governed by a Board of Directors consisting of members from Bossier Parish. These members receive no per diem or other compensation for their services.

The Bossier Office of Community Services, Inc., (BOCS) operates as a community action agency administering various federal and state programs designed to fulfill responsibilities and provide assistance to the poor, disadvantaged and unemployed in Bossier Parish. The following programs, with their approximate percentage of revenues indicated, are administered by BOCS:

Head Start and Early Head Start Programs (53%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families, and provides for a program to enhance children's physical, social, emotional and cognitive development; to enable parents to be better caregivers of and teachers to their children; and to help parents meet their own goals, including that of economic independence. Funding is provided through federal funds from the Department of Health and Human Services.

Child Nutrition (5%) – Provides a food service program in coordination with the Head Start and Early Head Start Program. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services (5%) – Provides assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Transit Services (1%) – Provides transportation services to the citizens in the nonurbanized and urban areas of Bossier Parish. Financing is provided through federal funds passed through the State of Louisiana, Department of Social Services, federal funds passed through the City of Bossier City, transit fares and other miscellaneous revenues.

Family Day Care Home (6%) – Operates a food service program for children in private nonprofit centers of approximately 160 homes. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Home Energy Assistance (3%) – Provides assistance to low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

Weatherization Assistance (6%) – Weatherizes (insulates) the dwellings of low-income persons, particularly the elderly and handicapped in order to conserve needed energy and aid those persons least able to afford higher utility costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

School Lunch (2%) – Provides a food service program in coordination with the Johnny Gray Jones Youth Shelter. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Johnny Gray Jones Youth Shelter (18%) – Accounts for the maintenance and operation of a regional youth shelter which provides a temporary facility for juvenile status offenders until their disposition can be decided. Funding is provided by state funds from the Department of Public Safety and Corrections and various other revenues.

B. Basis of Accounting

The financial statements of BOCS 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

BOCS 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 BOCS's tax-exempt purpose is subject to taxation as unrelated business income. BOCS had no such income for this audit period.

E. Use of Estimates

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

F. Cash and Cash Equivalents

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

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(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. BOCS has adopted a policy to capitalize all items with a unit cost of \$500 or greater.

H. Revenue and Support

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

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

I. Pension Plan

Employees of BOCS are members of the social security system. Effective May 1, 2001, BOCS began offering a 403(b) plan for its employees.

J. Expense Allocation

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

K. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject BOCS 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 December 31, 2003 and 2002, BOCS had no significant concentrations of credit risk in relation to grant receivables.

BOCS 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 December 31, 2003, total cash balances held at financial institutions was \$435,325. Of this amount, \$102,644 was insured by FDIC and the remaining amount of \$332,681 was secured by the bank as pledged securities. At December 31, 2002, total cash balances held at financial institutions was \$355,147. Of this amount, \$103,406 was insured by FDIC and the remaining amount of \$251,741 was secured by the bank as pledged securities.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at December 31, 2003 and 2002, but received after those dates.

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(4) Property and Equipment

Property and equipment consisted of the following at December 31, 2003:

	<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	\$ 730,339	\$ 22,200	\$ 752,539
Land		35,966	-	35,966
Furniture and equipment	5-10 years	168,334	75,921	244,255
Vehicles	5 years	612,968	110,449	723,417
Accumulated depreciation		(951,432)	(132,277)	(1,083,709)
 Net investment in property and equipment		<u>\$ 596,175</u>	<u>\$ 76,293</u>	<u>\$ 672,468</u>

Depreciation expense for the year ended December 31, 2003 was \$100,683.

Property and equipment consisted of the following at December 31, 2002:

	<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	\$ 723,677	\$ 22,200	\$ 745,877
Land		35,966	-	35,966
Furniture and equipment	5-10 years	173,381	40,571	213,952
Vehicles	5 years	612,968	90,237	703,205
Accumulated depreciation		(867,876)	(117,286)	(985,162)
 Net investment in property and equipment		<u>\$ 678,116</u>	<u>\$ 35,722</u>	<u>\$ 713,838</u>

Depreciation expense for the year ended December 31, 2002 was \$112,336.

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(5) Due To and From Other Funds

The following schedule represents amounts due to and due from other funds at December 31, 2003 and 2002:

<u>Fund</u>	<u>2003</u>		<u>2002</u>	
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Unrestricted Fund	\$ 127,488	\$ 48,412	\$ 129,189	\$ 4,700
Restricted Funds:				
Head Start	48,444	5,171	66,535	2,058
Child and Adult Care Food	6,390	47,887	-	72,341
Community Services Block Grant	27,344	63,129	-	45,691
Transit System	23,559	21,950	17,120	26,150
Family Day Care Home	13,928	16,000	11,979	17,200
Low-Income Home Energy Assistance	182	17,262	-	11,979
Weatherization	633	34,968	-	57,268
Johnny Gray Jones - School Lunch	81,741	60,708	40,814	16,053
Johnny Gray Jones Youth Shelter	10,811	25,033	16,053	28,250
	<u>\$ 340,520</u>	<u>\$ 340,520</u>	<u>\$ 281,690</u>	<u>\$ 281,690</u>

(6) Accrued Liabilities

At December 31, 2003 and 2002, accrued liabilities consisted of the following:

	<u>2003</u>	<u>2002</u>
Accrued payroll	\$ 89,979	\$ 71,643
Accrued leave	56,850	40,990
Payroll taxes payable	70,261	48,005
	<u>\$ 217,090</u>	<u>\$ 160,638</u>

(7) Refundable Advances

BOCS records federal funds received in excess of expenditures as refundable advances until they are expended for the purpose of the contract or until they are returned to the appropriate funding source.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2003 and 2002
(Continued)

(8) Designated Net Assets

The designated fund balance at December 31, 2003 and 2002 consisted of \$138,553 and \$57,814, respectively, that is designated for the Johnny Gray Jones Youth Shelter Program.

(9) Contractual Revenue – Grants

During the years ended December 31, 2003 and 2002, BOCS received contractual revenue from federal and state grants in the amount of \$5,569,919 and \$5,456,042, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(10) Leases

BOCS leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended December 31, 2003 and 2002 were \$22,325 and \$14,853, respectively. No leases have initial or remaining non-cancelable terms in excess of one year.

(11) Retirement Plan

Effective May 1, 2001, BOCS began offering a 403(b) plan for its employees. Employees with at least one year of service may contribute a portion of their wages to the plan. An amount equal to 5% of the salary of eligible employees is contributed to the plan by BOCS.

The amount contributed by BOCS to retirement plans on the employees behalf for the years ended December 31, 2003 and 2002 was \$ 119,898 and \$60,647, respectively.

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 December 31, 2003 and 2002
 (Continued)

(12) Long-Term Debt

Long-term debt at December 31, 2003 and 2002, consisted of the following:

	2003	2002
Note payable to a bank, with interest at 9.5%, payable in 60 monthly installments of \$268.60, including interest, with final payment due September, 2005, secured by a vehicle	\$ 5,179	\$ 7,775
Note payable to a bank, with interest at 8.5%, payable in 60 monthly installments of \$268.60, including interest, with final payment due September, 2005, secured by a vehicle	<u>15,579</u>	<u>-</u>
	20,758	7,775
Less current installments	(5,890)	(2,596)
Long-term portion	<u>\$ 14,868</u>	<u>\$ 5,179</u>

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

For the Year Ending December 30,	Approximate Amount
2004	\$ 5,890
2005	5,632
2006	3,598
2007	3,916
2008	<u>1,722</u>
	<u>\$ 20,758</u>

Interest expense for the year ended December 31, 2003 and 2002, was \$1,471 and \$1,130, respectively.

Bossier Offices of Community Services, Inc.
Bossier City, Louisiana
Combining Schedule of Financial Position
December 31, 2003

	Head Start and Early Head Start Program	Child Nutrition	Community Services	Transit Services	Family Day Care Home	Home Energy Assistance	Weatherization Assistance	Youth Shelter	School Lunch	General Services	Total
Assets											
Cash	\$ 27,591	\$ 34,199	\$	\$ 2,077	\$ 7,282	\$ 26,757	\$ 7,371	\$ 109,929	\$ 1,831	\$ 149,080	\$ 366,117
Grant receivables		21,731	58,812	3,548	29,026	2,561	51,043	76,065	3,433		246,219
Other receivables	931			6,116	1,035			18,150	17,432	10,395	54,059
Due from other funds	48,444	6,390	27,344	23,559	13,928	182	633	81,741	10,811	127,488	340,520
Total current assets	76,966	62,320	86,156	35,300	51,271	29,500	59,047	285,885	33,507	286,963	1,006,915
Property and equipment	1,389,237		5,820	115,480	3,090	4,140	29,840	189,820		18,750	1,756,177
Accumulated depreciation	(814,262)		(3,854)	(115,480)	(2,563)	(1,784)	(13,489)	(115,488)		(16,789)	(1,083,709)
Net property and equipment	574,975		1,966	527	527	2,356	16,351	74,332		1,961	672,468
Total Assets	\$ 651,941	\$ 62,320	\$ 88,122	\$ 35,300	\$ 51,798	\$ 31,856	\$ 75,398	\$ 360,217	\$ 33,507	\$ 288,924	\$ 1,679,383
Liabilities and Net Assets											
Current liabilities:											
Accounts payable	\$	\$ 14,433	\$ 10,883	\$ 3,067	\$ 22,671	\$ 630	\$ 4,004	\$ 49,162	\$	\$	\$ 97,779
Accrued liabilities	33,683		12,144		1,575	1,255		37,462	1,257	122,643	217,090
Current portion of long-term debt								5,890			5,890
Due to other funds	5,171	47,887	63,129	21,950	16,000	17,262	34,968	60,708	25,033	48,412	340,520
Other Liabilities					1,437						1,437
Refundable advance	38,112				9,588	17,294	20,075		7,217		92,286
Total current liabilities	76,966	62,320	86,156	25,017	51,271	36,441	59,047	153,222	33,507	171,055	755,002
Long-term debt, less current portion								14,868			14,868
Net Assets:											
Unrestricted:											
Operating				10,283		(6,941)				115,908	119,250
Designated for specific programs								138,553		1,961	138,553
Fixed assets	574,975		1,966		527	2,356	16,351	53,574			651,710
Total net assets	574,975		1,966	10,283	527	(4,585)	16,351	192,127		117,869	909,513
Total Liabilities and Net Assets	\$ 651,941	\$ 62,320	\$ 88,122	\$ 35,300	\$ 51,798	\$ 31,856	\$ 75,398	\$ 360,217	\$ 33,507	\$ 288,924	\$ 1,679,383

Bossier Offices of Community Services, Inc.
 Bossier City, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2003

	Head Start and Early Head Start Program	Child Nutrition	Community Services	Transit Services	Family Day Care Home	Home Energy Assistance	Weatherization Assistance	Youth Shelter	School Lunch	General Services	Total
Revenues and Other Support:											
Contractual revenue-grants	\$ 3,092,932	\$ 264,535	\$ 301,810	\$ 45,077	\$ 341,841	\$ 201,150	\$ 360,716	\$ 847,812	\$ 104,737	\$ 9,309	\$ 5,589,919
Miscellaneous revenues		57	40,607					220,304	37,172		298,140
Total revenues and other support	3,092,932	264,535	301,867	85,684	341,841	201,150	360,716	1,068,116	141,909	9,309	5,888,059
Expenses:											
Salaries	1,504,741	120,671	141,173	37,253	43,093	22,186	71,313	511,087	42,509		2,494,026
Fringe Benefits	743,674	71,932	66,418	10,615	15,641	12,005	33,299	93,232	5,408		1,052,224
Travel	90,136	1,987	10,469	459	2,930	1,579		4,086			111,646
Equipment and maintenance	13,684	18	14,527	4,884	3,537			23,767			60,227
Occupancy	186,337		1,873	923	991		880	3,051			194,055
Telephone	21,981		6,482	619	509		3,391				32,982
Insurance	131,719		21,560				167				153,446
Vehicle Operation	21,848		9,485	3,141			2,186	3,597			40,255
Supplies and postage	153,469		10,444	159	1,253	9,667	64,320	52,065	1,884	30	307,184
Professional services	45,895		1,421		1,777	3,500	110,883	17,060	3,500		185,441
Food and related supplies	98,471	41,743			271,089				88,458		499,761
Miscellaneous	79,713	12,886	4,194	1,372	1,021	3,992	73,063	236,853	150	8,303	421,547
Client assistance payments			13,821			145,726				9,270	168,817
Depreciation	79,548		1,022		197	139	4,786	13,223		1,768	100,683
Total expenses	3,171,224	264,535	302,888	58,225	342,038	198,794	364,288	958,021	141,909	19,371	5,822,294
Change in net assets	(78,292)		(1,022)	26,459	(197)	2,356	(3,572)	110,095		(10,062)	45,765
Net assets, as of beginning of year	653,267		2,988	(16,176)	724	(6,941)	19,923	82,032		127,931	863,748
Net assets, as of end of year	\$ 574,975	\$	\$ 1,966	\$ 10,283	\$ 527	\$ (4,585)	\$ 16,351	\$ 192,127	\$	\$ 117,869	\$ 809,513

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

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Head Start Grant No. 06CH0190/21
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Contract Period: February 1, 2003 to January 31, 2004

	Budget	Actual	COB Balances Current Year
Revenues			
Department of Health & Human Services	\$ 2,675,272	\$ 2,675,272	
Grantee's contribution	668,818	668,177	
Total revenue	3,344,090	3,343,449	
 Expenditures:			
Personnel	1,381,824	1,368,673	\$ 13,151
Fringe benefits	522,676	616,124	(93,448)
Travel	50,400	64,437	(14,037)
Equipment	123,388	85,033	38,355
Supplies	81,597	64,490	17,107
Contractual	73,204	62,110	11,094
Other	442,183	411,841	30,342
	2,675,272	2,672,708	2,564
 Grantee's share	668,818	668,177	
Total all expenditures	\$ 3,344,090	3,340,885	
 Revenue over (under) expenditures		2,564	
 Fund balance, beginning February 1, 2003		123,388	
 Reprogrammed from grant #06CH0190/20		(123,388)	
 Fund balance, ending January 31, 2004		\$ 2,564	
 Fund balance analysis:			
Revenues over expenses grant #06CH0190/21		\$ 2,564	

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Early Head Start Grant No. 06YC0551/05
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Contract Period: September 1, 2002 to August 31, 2003

	Budget	Actual	COB Balances Current Year
Revenues			
Department of Health & Human Services	\$ 436,061	\$ 436,061	
Grantee's contribution	109,015	104,434	
Total revenue	545,076	540,495	
Expenditures:			
Personnel	264,218	245,926	\$ 18,292
Fringe benefits	101,643	104,784	(3,141)
Travel	6,513	14,642	(8,129)
Supplies	7,200	16,890	(9,690)
Contractual	4,500	3,346	1,154
Facilities/Construction	18,309		18,309
Other	33,678	32,149	1,529
	436,061	417,737	18,324
Grantee's share	109,015	104,434	
Total all expenditures	\$ 545,076	522,171	
Revenue over (under) expenditures		18,324	
Fund balance, beginning September 1, 2002		94,686	
Reprogrammed from grant #06YC0551/04		(18,309)	
Fund balance, ending August 31, 2003		\$ 94,701	
Fund balance analysis:			
Revenues over expenses grant #06YC0551/01		\$ (25)	
Revenues over expenses grant #06YC0551/02		76,401	
Revenues over expenses grant #06YC0551/03		437	
Revenues over expenses grant #06YC0551/04		17,873	
Reprogrammed from grant #06CY0551/04		(18,309)	
Revenues over expenses grant #06YC0551/05		18,324	
		\$ 94,701	

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Child and Adult Care Food Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: October 1, 2002 to September 30, 2003

Revenue:

Contract revenue	\$ 264,340
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Expenditures:

Salaries	124,121
Fringe benefits	76,841
Travel	1,999
Nonfood supplies	12,468
Other	1,645
Food service cost	47,266

Total expenditures	<u>264,340</u>
--------------------	----------------

Excess revenue (expenditures)

Fund balance, October 1, 2002

Fund balance, September 30, 2003

\$

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Transit System
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Period: July 1, 2002 to June 30, 2003

Revenue

Transit fares	\$	3,686
Title XIX funds		41,655
Find Work program		9,499
Bossier City transit program		19,979
		74,819
Total revenue		74,819

Expenditures:

Salaries		41,360
Fringe benefits		12,753
Utilities/telephone		1,503
Other expenses		17,122
		72,738
Total expenditures		72,738

Excess revenue (expenditures) 2,081

Fund balance, beginning July 1, 2002 870

Fund balance, ending June 30, 2003 \$ 2,951

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Family Day Care Home Program
 Louisiana Department of Education
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Contract Period: October 1, 2002 to September 30, 2003

Revenue:

Grant revenue	\$	347,602
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Expenditures:

Salaries		43,376
Fringe benefits		16,148
Travel		2,491
Office costs		3,173
Operating costs		6,487
Data processing and audit		1,782
Food service costs-provider payments		272,946

Total expenditures		346,403
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Excess revenue (expenditures)		1,199
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Fund balance, October 1, 2002		7,993
-------------------------------	--	-------

Fund balance, September 30, 2003	\$	9,192
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Fund balance analysis:

Funds returned	\$	(203)
9/30/00 excess		84
9/30/01 excess		676
9/30/02 excess		7,436
9/30/03 excess		1,199
	\$	9,192

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Weatherization Assistance Program
Department of Social Services
Office of Community Services
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: April 1, 2002 to March 31, 2003

Revenue:

Contract revenue		\$	<u>397,207</u>
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Expenditures:

Administrative costs			25,773
Materials/Program Support			353,265
Liability insurance			2,978
T & TA			12,804
Financial audit			<u>2,320</u>

Total expenditures			<u>397,140</u>
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Excess revenue (expenditures)			67
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Fund balance, April 1, 2002			<u>2,263</u>
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Fund balance, March 31, 2003		\$	<u><u>2,330</u></u>
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Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Johnny Gray Jones Youth Shelter - State Grant
Department of Public Safety and Corrections
Contract No. 403-534176
Schedule of Revenues and Expenditures
For the Period: July 1, 2002 to June 30, 2003

Revenue:

Contract revenue	\$	<u>550,005</u>
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Expenditures:

Salaries	346,677
Fringe benefits	115,973
Travel	2,311
Supplies	35,266
Professional services	17,661
Operating services	<u>32,117</u>

Total expenditures	<u>550,005</u>
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Excess revenue (expenditures)	<u><u>\$</u></u>
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Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2003

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 1-31-03)	93.600	06CH0190/20	\$ 418,184
Head Start (Fy 1-31-04)	93.600	06CH0190/21	2,410,998
Early Head Start (Fy 8-31-03)	93.600	06YC0551/05	275,767
Passed through Louisiana Department of Labor			
Community Services Block Grant			
	93.569	2002N0033 & 2003N0033	294,195
Passed through Louisiana Department of Social Services - Office of Community Services			
Title XIX Transportation (Fy 6-30-03)	93.667	Unknown	23,606
Title XIX Transportation (Fy 6-30-04)	93.667	Unknown	26,634
Passed through Louisiana Housing Finance Agency			
Low Income Home Energy Assistance Program	93.568	Unknown	162,264
Temporary Assistance for Needy Families	93.558	Unknown	4,806
Weatherization Assistance Program (Fy 3-31-03)	93.568	Unknown	71,189
Weatherization Assistance Program (Fy 3-31-04)	93.568	Unknown	288,313
Total U.S. Department of Health and Human Services			3,975,956

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2003
 (Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child Care Food Program (FDCH) (Fy 9-30-03)	10.558	N/A	261,180
Child Care Food Program (FDCH) (Fy 9-30-04)	10.558	N/A	80,661
Child Care Food Program (Head Start) (Fy 9-30-03)	10.558	N/A	187,591
Child Care Food Program (Head Start) (Fy 9-30-04)	10.558	N/A	76,944
National School Lunch Program (Fy 6-30-03)	10.555	N/A	20,145
National School Lunch Program (Fy 6-30-04)	10.555	N/A	17,028
Total Department of Agriculture			643,549
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Bossier City			
Community Development Block Grant - Transportation Assistance (Fy 6-30-03)	14.218	N/A	10,617
Community Development Block Grant - Transportation Assistance (Fy 6-30-04)	14.218	N/A	11,848
Total Department of Housing and Urban Development			22,465
<u>Federal Emergency Management Agency</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA)	83.523	Unknown	9,309
Total Federal Emergency Management Agency			9,309
Total Federal Expenditures			\$ 4,651,279

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

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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
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

We have audited the financial statements of Bossier Office of Community Services, Inc. (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Bossier Office of Community Services, 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 Bossier Office of Community Services' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we 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 Bossier Office of Community Services' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 2003-B1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable

conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting which we have reported to management of Bossier Office of Community Services in a separate management letter dated May 17, 2004.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document



Cook & Morehart
Certified Public Accountants
May 17, 2004

COOK & MOREHART

Certified Public Accountants

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C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

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
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

We have audited the compliance of Bossier Office of Community Services, 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 December 31, 2003. Bossier Office of Community Services, 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 Bossier Office of Community Services, Inc.'s management. Our responsibility is to express an opinion on Bossier Office of Community Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Bossier Office of Community Services, 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 Bossier Office of Community Services, Inc.'s compliance with those requirements.

In our opinion, Bossier Office of Community Services, 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 December 31, 2003.

Internal Control Over Compliance

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

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 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
May 17, 2004

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2003

2002-B1 - REPORTABLE CONDITION

Statement of Condition: During our audit, the following items were noted concerning the agency's general ledgers:

- Bank reconciliations were not tied to the balances on the agency's general ledgers.
- Numerous old outstanding checks shown on the bank reconciliations had not cleared the bank.
- Interagency (due to / due from) accounts were not reconciled.
- Withholding accounts on the payroll general ledger were not reconciled on a monthly basis.
- Numerous posting errors were noted in the agency's general ledgers.

As a result of the above noted problems, numerous audit adjustments had to be made to correct the agency's general ledgers, which caused significant additional audit time.

Recommendation: We recommend that each agency's general ledger be printed out on a monthly basis and reviewed for posting errors. Bank reconciliations should be tied to the agency's general ledgers each month, and corrections to the general ledgers should be made on a monthly basis to ensure a proper financial monitoring of the agency's various programs.

Current Status: Improvement noted. No finding in current year audit.

2002-C1 REPORTABLE CONDITION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start and Early Head Start Programs CFDA #93.600, and
Low-Income Home Energy Assistance Program and Weatherization Program CFDA #93.568

DEPARTMENT OF AGRICULTURE

Child and Adult Care Food Program (FDCH and Head Start) CFDA #10.558

Statement of Condition: As stated in finding 2002-B1, during our audit, the following items were noted concerning the agency's general ledgers:

- Bank reconciliations were not tied to the balances on the agency's general ledgers.
- Numerous old outstanding checks shown on the bank reconciliations had not cleared the bank.
- Interagency (due to / due from) accounts were not reconciled.
- Withholding accounts on the payroll general ledger were not reconciled on a monthly basis.
- Numerous posting errors were noted in the agency's general ledgers.

As a result of the above noted problems, numerous audit adjustments had to be made to correct the agency's general ledgers, which caused significant additional audit time.

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Summary Schedule of Prior Audit Findings
 December 31, 2003
 (Continued)

Recommendation: See 2002-B1.

Current Status: See 2002-B1.

2002-C2 – FINDING

DEPARTMENT OF HEALTH AND HUMAN SERVICES - Head Start Programs CFDA #93.600

Statement of Condition: During our audit, we noted that the expenditures reported on the agency's final 269 reports for the Head Start program were not in agreement with the final, adjusted audit balances, as follows:

	<u>Reported On Final 269</u>	<u>Correct Adjusted Balances</u>
<u>Grant award O6CH0190/19 – 1/31/02</u>		
Total federal share	\$ 2,462,730	\$ 2,518,534
Total federal funds authorized for this funding period	2,747,672	2,747,672
Unobligated balance of federal funds	284,942	229,138
<u>Grant award O6CH0190/20 – 1/31/03</u>		
Total federal share	\$ 2,305,396	\$ 2,255,003
Total federal funds authorized for this funding period	2,434,195	2,434,195
Unobligated balance of federal funds	128,799	179,192

Recommendation: We recommend that the agency file revised final 269 reports with its funding source.

Current Status: Reports were corrected. No finding in current year audit.

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2003

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Bossier Office of Community Services, Inc.
2. One reportable condition is reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The condition is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Bossier Office of Community Services, 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 programs for Bossier Office of Community Services, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Bossier Office of Community Services, Inc. that are required to be reported in this Schedule.
7. The programs tested as major programs included: 1) Head Start Program and Early Head Start Program CFDA #93.600; 2) Child and Adult Care Food Program (FDCH and Head Start) CFDA #10.558; and 3) Low-Income Home Energy Assistance Program and Weatherization Program CFDA #93.568.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Bossier Office of Community Services, Inc. did not qualify as a low-risk auditee.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2003
(Continued)

B. Findings – Financial Statements Audit

2003-B1 - REPORTABLE CONDITION

Statement of Condition: During our audit, we noted that reimbursements to the payroll account from the various programs for retirement were not calculated correctly during the year. This resulted in reimbursements to the payroll account in excess of actual amounts paid for retirement. In addition, we noted that the actual payments to the retirement plan were not made timely during the year. We also noted that payroll tax payments were not made timely or consistently during the year.

Recommendation: We recommend that the excess amounts paid into the payroll account for retirement be corrected. We also recommend that future reimbursements to the payroll account for retirement from the various programs be calculated correctly based upon actual amounts owed and be made timely. In addition, we recommend that payments to the retirement plan be made on a monthly basis. We further recommend that all payroll tax deposits be made timely and consistently.

Response: The Bossier Office of Community Services will re-evaluate retirement and payroll accounts to ensure that reimbursement to the payroll account be calculated correctly based upon actual amounts owed. The new procedure will be instituted to ensure timeliness and accuracy of payments. In addition, the payroll tax payment will also be made in a timely and consistent manner.

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

NONE.

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2003

Findings for the prior year audit for the year ended December 31, 2002 are addressed in the accompanying Summary Schedule of Prior Audit Findings.

There were four management letter comments for the prior year audit ended December 31, 2002, as follows:

(1) RETIREMENT PAYMENTS

See reportable condition in current year audit.

(2) HEAD START CENTER LICENSE

See repeat management letter comment.

(3) FAMILY DAY CARE HOME PROGRAM EXCESS FUNDS

No comment in current year audit.

(4) RECONCILIATION OF PAYROLL TAX REPORTS

See repeat management letter comment.

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2003

There was 1 finding for the current year audit for the year ended December 31, 2003, as described in the accompanying Schedule of Findings and Questioned Costs.

There were 5 management letter comments for the year ended December 31, 2003. Management's response to these comments is shown below.

(1) CREDIT CARDS / CHARGE ACCOUNTS

Credit card payments will not be made for credit card charges or charge accounts without reconciliation of vendor invoices/receipts to the amount appearing on statements.

(2) RECONCILIATION OF PAYROLL TAX REPORTS

The 941 payroll tax report will be reconciled on a quarterly basis to the general ledger and reported to the Agency Director.

(3) EARLY HEAD START FILE EXAM

Based on the agency's on-going monitoring system, the Bossier Office of Community Services had established a new record-keeping system to address the organization of the participants file to include eligibility testing. Further, the agency's director will review the processing of the eligibility records for completeness and accuracy.

(4) HEAD START FINAL REPORT

The Bossier Office of Community Services has submitted the Standard Form 269 financial status report for program year 20 to the Department of Health and Human Service-AFC, Region VI and will submit a corrected Standard Form 269 Financial Status Report for program year 20 for adjusted balances after audit entries upon consultation with funding source.

(5) LOAN AUTHORIZATION

The Board of Director will approve all loans through a formal board resolution.

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Management Letter

May 17, 2004

Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

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We have audited the financial statements of Bossier Office of Community Services, Inc. (BOCS), for the year ended December 31, 2003, and have issued our report thereon dated May 17, 2004. In planning and performing our audit of the financial statements of Bossier Office of Community Services, 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 BOCS. These comments have been discussed with the appropriate members of management.

(1) CREDIT CARDS / CHARGE ACCOUNTS

During our audit, we noted several instances where payments were made for credit card charges and charges on charge accounts without having the detailed supporting document to support amounts paid. Payments were made based upon statements received from the vendors.

We recommend that no payments be made for credit cards charges or charge accounts without reconciliation of detailed vendor invoices / receipts to amounts appearing on statements.

(2) RECONCILIATION OF PAYROLL TAX REPORTS

During our audit, we noted that the agency's 941 payroll tax reports were not reconciled to the general ledgers.

We recommend the payroll reports be reconciled to the general ledgers on a quarterly basis.

(3) EARLY HEAD START FILE EXAM

During our testing of eligibility for the Early Head Start program, we noted that the participant files were not organized in a manner to facilitate testing. Several errors were also noted in annualizing income. These errors did not effect eligibility.

We recommend that procedures be implemented to ensure that participant files are organized in an appropriate manner and that all required documentation is contained in the files. We also recommend that someone independent of eligibility processing be assigned to review files for completeness and accuracy.

(4) HEAD START FINAL REPORT

During our testing of reports for the Head Start program, we noted that the amounts reported on the agency's final 269 report for the grant year ending January 31, 2004 were not in agreement with final, adjusted balances after audit entries.

We recommend that the agency contact its funding source to file an amended final 269 report.

(5) LOAN AUTHORIZATION

During our audit, we noted that a vehicle was purchased by obtaining a loan from a local bank for the youth shelter. The administrative board of the youth shelter approved the transaction and purchase, however this loan was not approved by the agency's governing board through a formal resolution.

We recommend that loans be obtained only upon approval of the agency's governing board through a formal board resolution.

We express sincere thanks to BOCS 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