

**Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Financial Statements  
With Auditors' Report  
For the Years Ended December 31, 2005 and 2004**

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 3-28-07

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 were engaged to audit the accompanying statements of financial position of the Bossier Office of Community Services, Inc., (a nonprofit organization) as of December 31, 2006 and 2004, 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.

Because of inadequacies in the agency's accounting records, we were unable to form an opinion regarding payroll and payroll liabilities, including retirement payable.

Since payroll and payroll liabilities materially affect the determination of financial position, results of operations, and cash flows, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2007, 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 agreements and other matters. 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. Because of the items previously listed in paragraphs two and three above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying schedule of expenditures of federal awards.

The accompanying supplemental schedules shown on pages 12 - 13, 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. Because of the items previously listed in paragraphs two and three above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying supplemental schedules on pages 12 and 13.



Cook & Morehart  
Certified Public Accountants  
January 12, 2007

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Statements of Financial Position  
December 31, 2005 and 2004

**Assets**

	<u>2005</u>	<u>2004</u>
<b>Current assets:</b>		
Cash	\$ 195,001	\$ 303,874
Grant receivables	413,636	415,604
Account receivable-other	54,008	45,985
Prepaid expenses		32,322
Due from other funds	625,830	532,479
Total current assets	<u>1,288,475</u>	<u>1,330,264</u>
 <b>Property and equipment:</b>		
Property and equipment	2,101,559	1,836,009
Accumulated depreciation	(1,304,462)	(1,176,953)
Net property and equipment	<u>797,097</u>	<u>659,056</u>
 <b>Total Assets</b>	 <u><b>\$ 2,085,572</b></u>	 <u><b>\$ 1,989,320</b></u>

**Liabilities and Net Assets**

**Current liabilities:**

Accounts payable	\$ 280,078	\$ 211,198
Accrued liabilities	985,652	626,996
Current portion of long-term debt	3,598	4,875
Due to other funds	625,830	532,479
Other Liabilities	2,578	2,578
Refundable advances	51,198	58,951
Total current liabilities	<u>1,948,934</u>	<u>1,437,075</u>

**Long-term debt, less current portion**

	<u>5,059</u>	<u>8,705</u>
 <b>Total liabilities</b>	 <u><b>1,953,993</b></u>	 <u><b>1,445,780</b></u>

**Net assets:**

**Unrestricted:**

Operating	(656,861)	(124,953)
Designated for specific programs		23,017
Fixed assets	<u>788,440</u>	<u>645,476</u>

<b>Total net assets</b>	<u><b>131,579</b></u>	<u><b>543,540</b></u>
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<b>Total Liabilities and Net Assets</b>	<u><b>\$ 2,085,572</b></u>	<u><b>\$ 1,989,320</b></u>
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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, 2005 and 2004

	Unrestricted	
	2005	2004
Revenues and Other Support:		
Contractual revenue - grants	\$ 7,157,289	\$ 5,727,567
Miscellaneous revenues	190,984	207,744
Total revenues and other support	7,348,273	5,935,311
Expenses:		
Head start and early head start program	2,966,291	2,875,749
Child nutrition	427,479	282,279
Community services	270,527	239,451
Transit services	84,647	71,754
Family day care home	1,058,327	529,608
Home energy assistance	349,129	34,730
Weatherization assistance	678,455	643,069
Youth shelter	1,375,908	1,262,593
School lunch program	138,267	103,289
General services	411,204	258,762
Total expenses	7,760,234	6,301,284
Changes in net assets	(411,961)	(365,973)
Net assets, beginning of year	543,540	909,513
Net assets, end of year	\$ 131,579	\$ 543,540

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, 2005 and 2004

Operating Activities	<u>2005</u>	<u>2004</u>
Change in net assets	\$ (411,961)	\$ (365,973)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	127,508	93,245
(Increase) decrease in operating assets:		
Grant receivables	1,968	(187,071)
Other receivables	(8,023)	25,760
Prepaid expenses	32,322	(32,322)
Increase (decrease) in operating liabilities:		
Accounts payable	68,882	113,417
Accrued liabilities	358,656	409,906
Other liabilities		1,141
Refundable advances	(7,753)	(33,335)
Net cash provided by operating activities	<u>161,599</u>	<u>24,768</u>
 Investing Activities		
Payments for property and equipment	(265,550)	(79,832)
Net cash used in investing activities	<u>(265,550)</u>	<u>(79,832)</u>
 Financing Activities		
Repayments of debt	(4,922)	(7,179)
Net cash used in financing activities	<u>(4,922)</u>	<u>(7,179)</u>
 Net increase in cash	(108,873)	(62,243)
 Cash as of beginning of year	<u>303,874</u>	<u>366,117</u>
 Cash as of end of year	<u>\$ 195,001</u>	<u>\$ 303,874</u>

Supplemental disclosure:

Cash paid for interest in 2005 and 2004 was \$1,524 and \$1,948, respectively.

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, 2005 and 2004

(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 (42%)** – 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 (4%)** – 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 (4%)** – 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 (15%)** – Operates a food service program for children in private nonprofit centers of approximately 200 homes. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

**Home Energy Assistance (5%)** – 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.

**Weatherization Assistance (10%)** – 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.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Notes to Financial Statements  
December 31, 2005 and 2004  
(Continued)

**Johnny Gray Jones Youth Shelter (17%)** – 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.

**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.

(Continued)



Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Notes to Financial Statements  
December 31, 2005 and 2004  
(Continued)

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.

**(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, 2005 and 2004, 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, 2005, total cash balances held at financial institutions was \$300,964. Of this amount, \$100,000 was insured by FDIC and the remaining amount of \$200,964 was secured by the bank as pledged securities. At December 31, 2004, total cash balances held at financial institutions was \$470,497. Of this amount, \$100,000 was insured by FDIC and the remaining amount of \$370,497 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, 2005 and 2004, but received after those dates.

(Continued)

Bossier Office of Community Services, Inc.  
 Bossier City, Louisiana  
 Notes to Financial Statements  
 December 31, 2005 and 2004  
 (Continued)

(4) Property and Equipment

Property and equipment consisted of the following at December 31, 2005:

	<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	\$ 826,437	\$ 22,200	\$ 848,637
Land		35,966	—	35,966
Furniture and equipment	5-10 years	212,177	75,921	288,098
Vehicles	5 years	818,408	110,450	928,858
Accumulated depreciation		<u>( 1,139,437)</u>	<u>( 165,025)</u>	<u>( 1,304,462)</u>
Net investment in property and equipment		<u>\$ 753,551</u>	<u>\$ 43,546</u>	<u>\$ 797,097</u>

Depreciation expense for the year ended December 31, 2005 was \$127,508.

Property and equipment consisted of the following at December 31, 2004:

	<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	168,335	75,921	244,256
Vehicles	5 years	692,800	110,448	803,248
Accumulated depreciation		<u>( 1,026,599)</u>	<u>( 150,354)</u>	<u>( 1,176,953)</u>
Net investment in property and equipment		<u>\$ 600,841</u>	<u>\$ 58,215</u>	<u>\$ 659,056</u>

Depreciation expense for the year ended December 31, 2004 was \$93,245.

(5) 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, 2005 and 2004  
 (Continued)

(6) Due To and From Other Funds

The following schedule represents amounts due to and due from other funds at December 31, 2005 and 2004:

Fund	2005		2004	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Unrestricted Fund	\$ 392,944	\$ 40,990	\$ 367,471	\$ 29,342
Restricted Funds:				
Head Start	84,185	9,441	61,971	15,634
Child and Adult Care Food	9,441	95,303	9,442	73,790
Community Services Block Grant	20,264	33,439	—	36,635
Transit System	—	28,500	—	14,541
Family Day Care Home	6,048	8,719	6,047	23,893
Low-Income Home Energy Assistance	4,288	6,048	9,188	6,182
Weatherization	—	—	—	9,372
Johnny Gray Jones Youth Shelter	97,142	322,798	66,842	272,798
Johnny Gray Jones—School Lunch	11,518	80,592	11,518	50,292
	<u>\$ 625,830</u>	<u>\$ 625,830</u>	<u>\$ 532,479</u>	<u>\$ 532,479</u>

(7) Accrued Liabilities

At December 31, 2005 and 2004, accrued liabilities consisted of the following:

	2005	2004
Accrued payroll	\$ —	\$ 8,545
Accrued leave	74,643	45,932
Health insurance		108,506
Retirement payable		11,694
Payroll taxes payable	911,009	452,319
	<u>\$ 985,652</u>	<u>\$ 626,986</u>

(8) Designated Net Assets

The designated fund balance at December 31, 2004 consisted of \$23,017 that is designated for the Johnny Gray Jones Youth Shelter Program.

(9) Contractual Revenue – Grants

During the years ended December 31, 2005 and 2004, BOCS received contractual revenue from federal and state grants in the amount of \$7,157,289 and \$5,727,567, 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, 2005 and 2004 were \$22,456 and \$19,713, respectively. No leases have initial or remaining non-cancelable terms in excess of one year.

(Continued)

Bossier Office of Community Services, Inc.  
 Bossier City, Louisiana  
 Notes to Financial Statements  
 December 31, 2005 and 2004  
 (Continued)

(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, 2005 and 2004 was \$92,539 and \$85,770, respectively.

(12) Contingency

The Louisiana Legislative Auditor's Office and the District Attorney for the Twenty-Sixth Judicial District began investigations into certain expenditures and other financial activity of the agency during 2005. This investigation is on-going and the District Attorney is still pursuing certain matters in the court system.

BOCS owes approximately \$837,000 in federal payroll taxes for the last quarter of 2003, 2004 and the first quarter of 2005. This amount does include interest and some penalties. The amount of any additional penalties and interest which may be assessed on these amounts have not yet been determined.

BOCS has made an offer in compromise during February, 2007 with the IRS concerning these payroll taxes. The outcome of that is undetermined at this time.

(13) Long-Term Debt

Long-term debt at December 31, 2005 and 2004, consisted of the following:

	<u>2005</u>	<u>2004</u>
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	\$ —	\$ 1,569
Note payable to a bank, with interest at 8.5%, payable in 60 monthly installments of \$268.60, including interest, with final payment due May, 2008, secured by a vehicle	<u>8,657</u>	<u>12,011</u>
	8,657	13,580
Less current installments	( 3,598)	( 4,875)
Long-term portion	<u>\$ 5,059</u>	<u>\$ 8,705</u>

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

<u>For the Year Ending December 30,</u>	<u>Approximate Amount</u>
2006	\$ 3,598
2007	3,916
2008	<u>1,143</u>
	<u>\$ 8,657</u>

Interest expense for the years ended December 31, 2005 and 2004, was \$1,524 and \$1,948, respectively.

(Continued)

Bossier Office of Community Services, Inc.  
 Bossier City, Louisiana  
 Notes to Financial Statements  
 December 31, 2005 and 2004  
 (Continued)

(14) Unrestricted Operating Net Assets

Unrestricted, operating net assets at December 31, 2005 and 2004, are detailed by individual program as follows:

	<u>2005</u>	<u>2004</u>
Home Energy Assistance	\$ —	\$ 615
Child Nutrition	( 18,626)	( 7,213)
Transit Services	( 31,986)	2,534
Weatherization Program	( 64,962)	—
School Lunch	( 30,272)	—
General Services	<u>( 511,015)</u>	<u>( 120,889)</u>
	<u>\$ ( 656,861)</u>	<u>\$ ( 124,953)</u>

**Booster Offices of Community Services, Inc.**  
**Bossier City, Louisiana**  
**Combining Schedule of Financial Position**  
**December 31, 2005**

	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
<b>Assets</b>											
Cash	\$ 665	\$ 448	\$ 1,077	\$ 2,282	\$ 1,750	\$ 22,212	\$ 1,803	\$ 120,892	\$ 3,961	\$ 40,430	\$ 195,001
Grant receivables	38,086	82,957	28,740		100,469		42,814	109,909	10,979		413,636
Other receivables			2,377		1,036			16,048	24,262	10,298	54,008
Due from other funds	84,185	9,441	20,284		6,048	4,286		97,142	11,518	392,844	626,830
<b>Total current assets</b>	<b>122,936</b>	<b>92,847</b>	<b>52,458</b>	<b>2,282</b>	<b>109,302</b>	<b>26,500</b>	<b>44,617</b>	<b>343,571</b>	<b>50,320</b>	<b>443,660</b>	<b>1,288,476</b>
Property and equipment	1,734,619		5,820	115,490	3,090	4,140	29,840	189,820		18,750	2,101,559
Accumulated depreciation	(889,185)		(6,309)	(115,490)	(2,856)	(3,447)	(23,080)	(146,276)		(18,750)	(1,304,462)
<b>Net property and equipment</b>	<b>745,434</b>		<b>514</b>		<b>132</b>	<b>693</b>	<b>6,760</b>	<b>43,544</b>			<b>797,087</b>
<b>Total Assets</b>	<b>\$ 868,372</b>	<b>\$ 92,847</b>	<b>\$ 52,972</b>	<b>\$ 2,282</b>	<b>\$ 109,434</b>	<b>\$ 27,193</b>	<b>\$ 51,377</b>	<b>\$ 387,115</b>	<b>\$ 50,320</b>	<b>\$ 443,660</b>	<b>\$ 2,085,572</b>
<b>Liabilities and Net Assets</b>											
<b>Current liabilities:</b>											
Accounts payable	\$ 71,851	\$ 13,026	\$ 14,154	\$ 5,150	\$ 79,590	\$ 500	\$ 25,016	\$ 68,115	\$	\$ 2,576	\$ 280,078
Accrued liabilities	41,646	3,144	4,865	588	3,091	979	2,701	17,820		911,009	985,652
Current portion of long-term debt								3,598			3,598
Due to other funds	9,441	83,303	33,439	28,500	8,718	6,048		322,788	80,592	40,990	825,830
Other liabilities					1,437		1,141				2,578
Refundable advance					16,465	18,974	15,759				51,198
<b>Total current liabilities</b>	<b>122,938</b>	<b>111,473</b>	<b>52,458</b>	<b>34,248</b>	<b>109,302</b>	<b>26,500</b>	<b>44,617</b>	<b>412,131</b>	<b>80,592</b>	<b>954,875</b>	<b>1,948,934</b>
Long-term debt, less current portion											5,059
<b>Net Assets:</b>											
Unrestricted:											
Operating		(19,626)	514	(31,866)	132	693	6,760	(94,962)	(30,272)	(511,015)	(838,881)
Fixed assets	745,434							34,687			788,440
<b>Total net assets</b>	<b>745,434</b>	<b>(19,626)</b>	<b>514</b>	<b>(31,866)</b>	<b>132</b>	<b>693</b>	<b>6,760</b>	<b>(30,075)</b>	<b>(30,272)</b>	<b>(511,015)</b>	<b>131,579</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 868,372</b>	<b>\$ 92,847</b>	<b>\$ 52,972</b>	<b>\$ 2,282</b>	<b>\$ 109,434</b>	<b>\$ 27,193</b>	<b>\$ 51,377</b>	<b>\$ 387,116</b>	<b>\$ 50,320</b>	<b>\$ 443,660</b>	<b>\$ 2,085,572</b>

Bossier Offices of Community Services, Inc.  
Bossier City, Louisiana  
Combining Schedule of Activities  
For the Year Ended December 31, 2005

	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
<b>Revenues and Other Support:</b>											
Contractual revenue-grants	\$ 3,250,530	\$ 280,780	\$ 289,898	\$ 45,152	\$ 1,058,128	\$ 347,882	\$ 673,870	\$ 1,130,955	\$ 71,384	\$ 19,118	\$ 7,157,288
Miscellaneous revenues	133		79	4,875				147,821	36,811	1,385	190,984
Total revenues and other support	3,250,663	280,780	289,988	50,127	1,058,128	347,882	673,870	1,278,776	107,995	20,483	7,348,273
<b>Expenses:</b>											
Salaries	1,509,491	135,732	134,587	38,044	90,747	21,518	107,063	773,931	57,817		2,869,908
Fringe Benefits	786,824	76,838	49,571	13,559	21,251	10,549	35,730	211,751	10,483		1,215,556
Travel	58,425	12	11,865		11,540	1,614		21,528		274	109,059
Equipment and maintenance	22,150		1,377	15,407	6,068						44,000
Occupancy	79,657		2,324	1,172	1,863		981	45,375			131,402
Telephone	24,928		5,905	828	824		13,259	7,038			52,882
Insurance	132,653		8,002				11,067	55,876			207,598
Vehicle Operation	42,767		16,489	5,434			8,681	7,391		228	78,911
Supplies and postage	105,273	14,878	9,785	955	12,769	228	72,628	20,728	30	105	237,385
Professional services	42,623	1,116	12,267	870	1,020	3,451	154,819	9,795			225,981
Food and related supplies	253	171,304						36,822	69,837		278,416
Miscellaneous	54,763	27,598	11,238	10,367	7,250	487	289,544	171,497		5,401	559,146
Client assistance payments			8,778		905,870	310,454				20,654	1,243,856
Depreciation	106,464		559		197	832	4,786	14,075		595	127,508
Penalties and interest										382,948	382,948
Total expenses	2,998,291	427,479	270,527	84,847	1,058,327	349,129	878,465	1,375,908	138,267	411,204	7,760,234
Change in net assets	284,372	(136,699)	(559)	(34,520)	(198)	(1,447)	(4,785)	(97,132)	(30,272)	(580,721)	(411,961)
Transfers	(125,286)										
Net assets, as of beginning of year	586,348	(7,213)	1,073	2,534	330	2,140	11,565	67,067		(120,294)	543,540
Net assets, as of end of year	\$ 745,434	\$ (18,629)	\$ 514	\$ (31,986)	\$ 132	\$ 693	\$ 6,780	\$ (30,075)	\$ (30,272)	\$ (511,016)	\$ 131,579

Bossier Office of Community Services, Inc.  
 Bossier City, Louisiana  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2005

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 1-31-05)	93.600	06CH0190/22	\$ 454,579
Head Start (Fy 1-31-06)	93.600	06CH0190/23	2,796,084
Passed through Louisiana Department of Labor			
Community Services Block Grant	93.569	2005N0033 & 2006N0033	269,968
Passed through Louisiana Department of Social Services - Office of Community Services			
Title XIX Transportation (Fy 6-30-05)	93.667	Unknown	19,138
Title XIX Transportation (Fy 6-30-06)	93.667	Unknown	11,845
Passed through Louisiana Housing Finance Agency			
Low Income Home Energy Assistance Program	93.568	Unknown	348,297
Weatherization Assistance Program (Fy 3-31-05)	93.568	Unknown	321,654
Weatherization Assistance Program (Fy 3-31-06)	93.568	Unknown	352,015
Total U.S. Department of Health and Human Services			<u>4,573,580</u>

(Continued)



Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2005  
(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 9-30-05)	10.558	N/A	786,415
Child Care Food Program (FDCH) (Fy 9-30-06)	10.558	N/A	271,715
Child Care Food Program (Head Start) (Fy 9-30-05 and 9-30-06)	10.558	N/A	165,494
National School Lunch Program (Fy 6-30-05)	10.555	N/A	18,118
National School Lunch Program (Fy 6-30-06)	10.555	N/A	18,493
Total Department of Agriculture			<u>1,260,235</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Bossier City			
Community Development Block Grant - Transportation Assistance (Fy 6-30-05)	14.218	N/A	4,875
Community Development Block Grant - Transportation Assistance (Fy 6-30-06)	14.218	N/A	9,282
Total Department of Housing and Urban Development			<u>14,157</u>
<u>U.S. Department of Homeland Security</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA)	97.024	Unknown	19,118
Total Federal Emergency Management Agency			<u>19,118</u>
Total Federal Expenditures			<u>\$ 5,867,090</u>

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

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters 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 were engaged to audit the financial statements of Bossier Office of Community Services, Inc. (a nonprofit organization) as of and for the year ended December 31, 2005, 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. In our report thereon dated January 12, 2007 we did not express an opinion on the financial statements due to inadequacies in the accounting records in regards to payroll and payroll liabilities, including retirement payable.

### Internal Control Over Financial Reporting

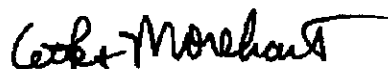
In planning and performing our audit, we considered Bossier Office of Community Services' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 conditions are described in the accompanying schedule of findings and questioned costs as items 2005-B1, 2005-B2, 2005-B4, and 2005-B5.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-B4 to be a material weakness.

### Compliance and Other Matters

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 grant agreements, 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2005-B3.

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

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized flourish at the end.

Cook & Morehart  
Certified Public Accountants  
January 12, 2007

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance with Requirements Applicable to Each Major Program and on 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

### Compliance

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, 2005. 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.

As described in item 2005-C3 in the accompanying schedule of findings and questioned costs, Bossier Office of Community Services, Inc. did not comply with requirements regarding eligibility that are applicable to its Child and Adult Care Food Program. Compliance with such requirements is necessary, in our opinion, for Bossier Office of Community Services, Inc. to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2005.

### 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Bossier Office of Community Services, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-C1, 2005-C2, 2005-C4, 2005-C5, 2005-C6, 2005-C7, and 2005-C8.

A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-C5 to be a material weakness.

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  
January 12, 2007

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2005

There were six findings for the prior audit period ending December 31, 2004 relating to major federal awards programs.

**2004-C1 MATERIAL WEAKNESS**

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

- Bank reconciliations were not prepared correctly.
- 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.
- Journal entries were made in the general ledger without explanation or supporting documents to substantiate the entries.

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.

*Current Status:* See repeat finding 2005-C1 in current year.

**2004-C2 REPORTABLE CONDITION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Head Start and Early Head Start Programs CFDA #93.600

*Statement of Condition:* During our audit, we noted that the agency was not printing out all of the pages of its quarterly PMS SF-272 reports for the Head Start and Early Head Start programs.

*Current Status:* See repeat finding 2005-C2 in current year.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2005  
(Continued)

**2004-C3 REPORTABLE CONDITION**

**DEPARTMENT OF AGRICULTURE – Child and Adult Care Food Program (Family Day Care Home Program) CFDA #10.558**

*Statement of Condition:* During our audit, we tested 25 provider files for compliance with the eligibility requirements of the Family Day Care Home program. We noted the following during our file exam:

- For three files tested, the number of meals reported on the claim for reimbursement did not agree with the supporting documents.
- For five files tested, the resident / non-resident status on the enrollment form was either incorrect or incomplete.

*Current Status:* See repeat finding 2005-C3 in current year.

**2004-C4 MATERIAL WEAKNESS**

**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:* Federal and state payroll tax deposits for 2004 and 2005 were not made timely or not made at all for certain periods of time. Federal and state payroll tax reports were incorrectly filed or not filed at all for 2004 and the first six months of 2005.

*Current Status:* The federal payroll tax reports for 2005 forward have been filed and corrected. The state withholding reports are still in the process of being corrected.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2005  
(Continued)

**2004-C5 FINDING**

**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:* During our audit, certain questionable disbursements were brought to our attention involving a former accounting employee. The information has been disclosed to the Louisiana Legislative Auditor's Office and the District Attorney for the Twenty-Sixth Judicial District. Both of those agencies have opened investigations in regards to the questionable payments. Those investigations are ongoing at this time. An estimate of the total dollar value of questionable amounts cannot be determined at this time.

*Current Status:* The District Attorney for the Twenty-Sixth Judicial District is still pursuing this matter in the court system.

**2004-C6 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:* During our audit, we noted that the individual in charge of the agency's general ledger also had access to the signature stamps of the authorized check signers. We also noted that checks were being returned to the accounting department for mailing after necessary signatures had been obtained.

*Current Status:* Signature stamps are no longer being used.



Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2005

**A. Summary of Audit Results**

1. The auditor's report expresses a disclaimer of opinion on the financial statements of Bossier Office of Community Services, Inc.
2. Four 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*. One of the conditions is reported as a material weakness.
3. One instance of noncompliance material to the financial statements of Bossier Office of Community Services, Inc. was disclosed during the audit.
4. Seven 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. None of the conditions are reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for Bossier Office of Community Services, Inc. expresses a qualified opinion for the Child and Adult Care Food Program and an unqualified opinion for all other major programs.
6. Audit findings relative to the major federal award programs for Bossier Office of Community Services, Inc. that are reported in part C of 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.

**B. Findings – Financial Statements Audit**

**2005-B1 - REPORTABLE CONDITION**

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

- 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.
- Journal entries were made in the general ledger without explanation or supporting documents to substantiate the entries.

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. Corrections to the general ledgers should be made on a monthly basis to ensure a proper financial monitoring of the agency's various programs. All journal entries made to the general ledger should be approved by the appropriate personnel and supporting documentation should be maintained to substantiate the entries made.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2005  
(Continued)

*Response:* Reconciliation of the payroll general ledger and journal entries made to the Agency's general ledgers were done by the former Financial Director. A system is now in place to monitor the general ledgers for posting errors and ensure financial monitoring of programs.

**2005-B2 - REPORTABLE CONDITION**

*Statement of Condition:* During our testing of payroll transactions, we noted that pay rate authorization forms and authorizations for deductions were not always updated in employee files.

*Recommendation:* We recommend that updated pay rate authorizations and authorizations for deductions be updated on a regular basis.

*Response:* All employees change of status forms are reviewed and approval by the Program Director, Executive Director and accounting department. The form becomes a part of employee's permanent personnel file.

**2005-B3 - FINDING**

*Statement of Condition:* Bossier Office of Community Services did not submit its audit report for the year ended December 31, 2005 with six months of its year end as required by state law.

*Recommendation:* We recommend that the agency implement procedures to ensure that the audit report is submitted in accordance with state audit law.

*Response:* Due to prior year audit and investigation of former employees, the audit was not submitted timely. Future audits will be submitted in accordance with state audit law.

**2005-B4 - MATERIAL WEAKNESS**

*Statement of Condition and Criteria:* The Agency did not have a financial management system in place to properly monitor the financial operations of the various programs. This resulted in over spending, causing the following operating deficits:

<u>Program</u>	<u>Current Year Deficit</u>	<u>Cumulative Deficit At 12/31/05</u>
Child and Adult Care Food Program (Head Start)	\$ ( 11,413)	\$ ( 18,626)
Johnny Gray Jones Youth Shelter	( 83,057)	( 64,962)
Transit Program	( 34,520)	( 31,986)
Johnny Gray Jones School Lunch Program	( 30,272)	( 30,272)
General Fund	( 390,126)	( 511,016)

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2005  
(Continued)

**Effect:** The total operating deficit reflected in the accompanying financial statements is (\$656,861) which was created by the deficit spending and by the penalties and interest recorded on the general fund in relation to the late / incorrect filings of payroll tax reports.

**Recommendation:** We recommend that BOCS develop a financial management system to properly monitor the financial operations of the agency. We also recommend that BOCS continue to pursue avenues available to raise unrestricted funds to help eliminate the deficits and financial burden that currently exists.

**Response:** Food service contract as of September 30, 2006 will not show a deficit. The general fund deficit is due to the reporting of payroll taxes. We are pursuing other avenues to eliminate the deficits.

**2005-B5 REPORTABLE CONDITION**

**Statement of Condition:** During our audit, we noted that monthly expenditure reports for the Johnny Gray Jones Youth Shelter state contract were not in agreement with or reconcilable to the agency's general ledger. In addition, the agency was unable to locate some of the monthly reports.

**Effect:** Reports filed with the funding source were incorrect.

**Recommendation:** We recommend that procedures be implemented to ensure that expenditure reports filed with funding sources are in agreement with agency's general ledger.

**Response:** The former Finance Director was submitting incorrect expenditure reports for Johnny Gray Jones Youth Shelter. The expenditure reports are now reconciled to the general ledger and submitted correctly.

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

**2005-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 2005-B1, during our audit, the following items were noted concerning the agency's general ledgers:

- 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.
- Journal entries were made in the general ledger without explanation or supporting documents to substantiate the entries.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2005  
(Continued)

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.

**2005-C2 REPORTABLE CONDITION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Head Start and Early Head Start Programs CFDA #93.600**

*Statement of Condition:* During our audit, we noted that the quarterly PMS SF-272 reports for the Head Start and Early Head Start programs for the first three quarters of 2005 were not reconcilable to the agency's general ledger.

*Criteria:* OMB Circular A-133 Compliance Supplement identifies reporting on SF-272 reports as an applicable requirement of the Head Start program.

*Effect:* Reports appear to have been prepared incorrectly.

*Recommendation:* We recommend that the agency reports be reconciled to the agency's general ledger prior to submission.

*Response:* The first two quarterly PMS SF-272 report were done by the former Finance Director. The quarterly PMS SF-272 reports are now being prepared correctly. Each report is reconciled to the general ledger prior to submission.

**2005-C3 FINDING**

**DEPARTMENT OF AGRICULTURE -- Child and Adult Care Food Program (Family Day Care Home Program) CFDA #10.558**

*Statement of Condition:* During our audit, we determined that we would not test for eligibility requirements of the Family Day Care Home program. We reviewed certain information from investigators in conjunction with the District Attorney for the Twenty-Sixth Judicial District's investigation. Based upon the review of those items, we determined that the agency was not following the proper eligibility requirements and controls of this program.

*Criteria:* The rules and regulations covering eligibility and recordkeeping requirements for the FDCH program are found in Title 7 CFR Part 226.

*Effect:* Amounts paid to the providers described above may have been incorrect.

*Recommendation:* As of March 31, 2006, the Family Day Care Home Program is no longer being administered by BOCS.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2005  
(Continued)

**2005-C4 REPORTABLE CONDITION**

**DEPARTMENT OF AGRICULTURE**

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

*Statement of Condition and Criteria:* As stated in finding 2005-B4, the Agency did not have a financial management system in place to properly monitor the financial operations of the various programs. This resulted in over spending during the current audit period of \$(11,413) in the Child and Adult Care Food Program (Head Start), creating a cumulative operating deficit of \$(18,626) as of December 31, 2005.

**2005-C5 REPORTABLE CONDITION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Weatherization Program CFDA #93.568

*Statement of Condition:* During our audit, we noted that monthly expenditure reports for the Weatherization program were not in agreement with or reconcilable to the agency's general ledger. In addition, total expenditures reported on the Final Program Year Report for the grant period April 1, 2004 through March 31, 2005 were not in agreement with the agency's general ledger.

*Criteria:* Total expenditures reported on the monthly expenditure reports and final program year report should be in agreement with the agency's general ledger.

*Effect / Questioned Cost:* A comparison of the reported versus actual expenditures for the grant period April 1, 2004 through March 31, 2005 is as follows:

	<u>Actual</u>	<u>Reported</u>	<u>Difference</u>
Grant expenditures	\$ 853,447	\$ 833,751	\$ 19,696

*Recommendation:* We recommend that procedures be implemented to ensure that expenditure reports filed with funding sources are in agreement with agency's general ledger. We further recommend that the agency communicate with its funding source concerning the questioned costs noted above.

*Response:* As of April 1, 2006 the Weatherization is no longer being administered by BOCS. A determination will be done on the questioned cost.

**2005-C6 REPORTABLE CONDITION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Community Services Block Grant Program CFDA #93.569

*Statement of Condition:* During our audit, we noted that monthly expenditure reports for the Community Services Block Grant (CSBG) program were not in agreement with or reconcilable to the agency's general ledger.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Schedule of Findings and Questioned Costs  
December 31, 2005  
(Continued)

**Effect:** Reports filed with the funding sources were not in agreement the agency's general ledger.

**Recommendation:** We recommend that procedures be implemented to ensure that expenditure reports filed with funding sources are in agreement with agency's general ledger.

**Response:** Prior reports were completed by former Finance Director. The reports are now reconciled to the general ledger prior to submission.

**2005-C7 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:** During our audit, we noted that the agency's cost allocation plan had not been updated in several years.

**Criteria:** OMB Circular A-133 Compliance Supplement and OMB Circular A-122 "Cost Principles for Nonprofit Organizations" states that the methods of allocating costs should be in accordance with applicable cost principles and should produce an equitable and consistent distribution of costs.

**Effect:** Agency's costs may not have been allocated equitably to various programs of the agency.

**Recommendation:** We recommend that the agency update its cost allocation plan and follow it consistently.

**Response:** The cost allocation plan will be updated and implemented on an annual basis.

**2005-C8 REPORTABLE CONDITION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Title XIX Transportation Program CFDA #93.667

**Statement of Condition:** During our audit, we noted that the billings for the Title XIX Medicaid Transportation program were not submitted timely from July 2005 through December 2005.

**Effect:** Agency did not receive revenues for those months in a timely manner.

**Recommendation:** We recommend that the agency establish controls to ensure that all billings are submitted in a timely manner. We further recommend that the agency contact its funding source in an effort to submit the billings for the months in question.

**Response:** Medicaid billing is done in a timely manner. Billing is done manually. We are in the process of submitting Medicaid billing now via electronic.

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2005

There were six findings for the prior audit period ending December 31, 2004 relating to major federal awards programs, as described in the accompanying Summary Schedule of Prior Audit Findings. There were seven findings for the prior audit period ended December 31, 2004 relating to the financial statement audit, as shown below. There were no management letter comments for the prior year audit ended December 31, 2004.

**2004-B1 MATERIAL WEAKNESS**

*Statement of Condition:* Federal and state payroll tax deposits for 2004 and 2005 were not made timely or not made at all for certain periods of time. Federal and state payroll tax reports were incorrectly filed or not filed at all for 2004 and the first six months of 2005.

*Current Status:* See 2004-C4 in the accompanying Summary Schedule of Prior Audit Findings.

**2004-B2 MATERIAL WEAKNESS**

*Statement of Condition:* Reimbursements to the payroll account from the Johnny Gray Jones Youth Shelter programs were not always made timely and sometimes were not made at all. The amount estimated that was not reimbursed by the Johnny Gray Jones Youth Shelter programs to the payroll account was approximately \$275,000 for 2004 and \$115,000 for 2005.

*Current Status:* The above mentioned amounts have not been reimbursed as of the date of this audit report.

**2004-B3 FINDING**

*Statement of Condition:* During our audit, certain questionable disbursements were brought to our attention involving a former accounting employee. The information has been disclosed to the Louisiana Legislative Auditor's Office and the District Attorney for the Twenty-Sixth Judicial District. Both of those agencies have opened investigations in regards to the questionable payments. Those investigations are ongoing at this time. An estimate of the total dollar value of questionable amounts cannot be determined at this time.

*Current Status:* See 2004-C5 in the accompanying Summary Schedule of Prior Audit Findings.

**2004-B4 REPORTABLE CONDITION**

*Statement of Condition:* During our audit, we noted that the individual in charge of the agency's general ledger also had access to the signature stamps of the authorized check signers. We also noted that checks were being returned to the accounting department for mailing after necessary signatures had been obtained.

*Current Status:* See 2004-C6 in the accompanying Summary Schedule of Prior Audit Findings.

(Continued)

Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2005  
(Continued)

**2004-B5 - MATERIAL WEAKNESS**

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

- Bank reconciliations were not prepared correctly.
- 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.
- Journal entries were made in the general ledger without explanation or supporting documents to substantiate the entries.

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.

*Current Status:* See 2004-C1 in the accompanying Summary Schedule of Prior Audit Findings.

**2004-B6 - REPORTABLE CONDITION**

*Statement of Condition:* We noted the following items during our testing of payroll transactions:

- Seven transactions tested did not have original supervisor approval noted on timesheets.
- For four transactions tested, the pay rate authorization form did not identify the programs and allocations to be charged.
- We noted several instances where the agency was writing the payroll checks in advance, prior to the end of the pay period.
- Payroll check numbers on cancelled checks were sometimes not in agreement with payroll checks numbers on payroll check registers.
- For three transactions tested, the pay rate authorization form was not physically approved by the executive director.
- Three checks were said to have been voided, but agency did not retain the original voided checks.
- Some payroll check registers and time worked registers were not printed and retained.

*Current Status:* See repeat finding in current year audit.

**2004-B7 - FINDING**

*Statement of Condition:* Bossier Office of Community Services did not submit its audit report for the year ended December 31, 2004 with six months of its year end as required by state law.

*Current Status:* See repeat finding in current year audit.



**Bossier Office of Community Services, Inc.  
Bossier City, Louisiana  
Corrective Action Plan For Current Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2005**

Findings for the current year audit for the year ended December 31, 2005 are described in the accompanying Schedule of Findings and Questioned Costs.

There were no management letter comments for the year ended December 31, 2005.