

**Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Financial Statements
With Auditors' Report
For the Years Ended December 31, 2002 and 2001**

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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 8/13/03

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

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

TED D. GREER, CPA
C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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., as of December 31, 2002 and 2001, 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.

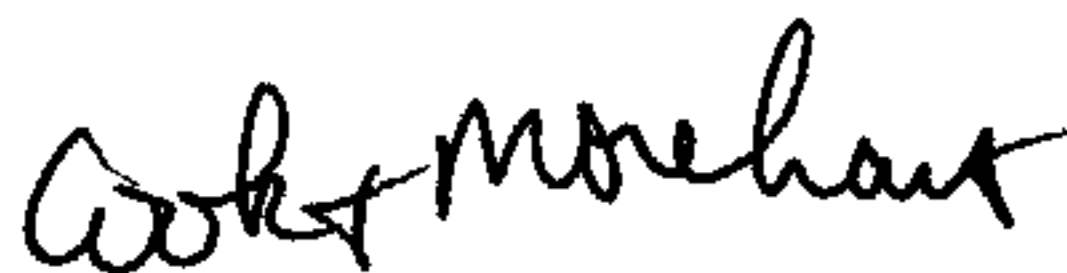
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bossier Office of Community Services, Inc. as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 16, 2003 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 17-24 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 17-24 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 16, 2003

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Statements of Financial Position
 December 31, 2002 and 2001

Assets

	2002	2001
Current assets:		
Cash	\$ 199,888	\$ 137,794
Grant receivables	475,328	356,180
Account receivable-other	33,031	36,291
Due from other funds	281,690	142,052
Total current assets	<u>989,937</u>	<u>672,317</u>
Property and equipment:		
Property and equipment	1,699,000	1,642,835
Accumulated depreciation	(985,162)	(872,826)
Net property and equipment	<u>713,838</u>	<u>770,009</u>
Total Assets	<u><u>\$ 1,703,775</u></u>	<u><u>\$ 1,442,326</u></u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 147,148	\$ 96,380
Accrued liabilities	160,638	122,385
Current portion of long-term debt	2,596	2,361
Due to other funds	281,690	142,052
Other Liabilities	2,578	2,578
Refundable advances	240,198	108,737
Total current liabilities	<u>834,848</u>	<u>474,493</u>
Long-term debt, less current portion	<u>5,179</u>	<u>7,507</u>
Total liabilities	<u>840,027</u>	<u>482,000</u>
Net assets:		
Unrestricted:		
Operating	99,871	83,177
Designated for specific programs	57,814	117,008
Fixed assets	<u>706,063</u>	<u>760,141</u>
Total net assets	<u>863,748</u>	<u>960,326</u>
Total Liabilities and Net Assets	<u><u>\$ 1,703,775</u></u>	<u><u>\$ 1,442,326</u></u>

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, 2002 and 2001

	Unrestricted	
	2002	2001
Revenues and Other Support:		
Contractual revenue - grants	\$ 5,456,042	\$ 5,490,594
Miscellaneous revenues	236,538	204,360
Total revenues and other support	5,692,580	5,694,954
Expenses:		
Head start program	2,206,359	2,665,520
Early head start program	422,774	377,622
Child nutrition	247,049	318,076
Community services	267,955	247,351
Transit services	80,207	112,769
Family day care home	320,316	345,973
Home energy assistance	748,381	475,351
Weatherization assistance	429,892	297,648
School lunch program	129,184	112,842
Youth shelter	932,980	909,974
General services	4,061	13,440
Total expenses	5,789,158	5,876,566
Changes in net assets	(96,578)	(181,612)
Net assets, beginning of year	960,326	1,141,938
Net assets, end of year	\$ 863,748	\$ 960,326

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, 2002 and 2001

Operating Activities	2002	2001
Change in net assets	\$ (96,578)	\$ (181,612)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	112,336	110,569
Loss on retirement of property and equipment		167
(Increase) decrease in operating assets:		
Grant receivables	(119,148)	(16,348)
Other receivables	3,260	16,006
Increase (decrease) in operating liabilities:		
Accounts payable	50,768	23,389
Accrued liabilities	38,253	33,050
Other liabilities		(21,040)
Refundable advances	131,461	58,118
Net cash provided by operating activities	<u>120,352</u>	<u>22,299</u>
Investing Activities		
Payments for property and equipment	(56,165)	(7,608)
Net cash used in investing activities	<u>(56,165)</u>	<u>(7,608)</u>
Financing Activities		
Repayments of debt	(2,093)	(2,416)
Net cash used in financing activities	<u>(2,093)</u>	<u>(2,416)</u>
Net increase in cash	62,094	12,275
Cash as of beginning of year	<u>137,794</u>	<u>125,519</u>
Cash as of end of year	<u>\$ 199,888</u>	<u>\$ 137,794</u>

Supplemental disclosure:

Cash paid for interest in 2002 and 2001 was \$1,130 and \$1,075, 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, 2002 and 2001

(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.

In May 1996, the Bossier Parish Police Jury voted to relinquish their authority as governing board of BOCS and allow BOCS to become a private non-profit organization, effective January 1, 1997. Therefore, in previous years, BOCS was included as a component unit of the Police Jury but is now reported as an independent organization incorporated under the laws of the State of Louisiana as a private non-profit organization.

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 Program (40.69%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided through federal funds from the Department of Health and Human Services and federal funds passed through Caddo Community Action Agency for training and technical assistance.

Early Head Start Program (7.45%) – 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 by federal funds from the Department of Health and Humans Services.

Child Nutrition (4.29%) – 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 (4.84%) – 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 (1.18%) – 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.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2002 and 2001
(Continued)

Family Day Care Home (5.77%) – 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 (13.49%) – 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 (8.13%) – 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 (1.53%) – 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 (12.63%) – 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.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2002 and 2001
(Continued)

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.

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 January 1, 1999, BOCS implemented a simple IRA plan for its employees. Effective May 1, 2001, BOCS began offering a 403(b) plan for its employees.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2002 and 2001
(Continued)

J. Expense Allocation

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

(2) Concentrations of Credit Risk

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, 2002 and 2001, 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, 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. At December 31, 2001, total cash balances held at financial institutions was \$160,885. Of this amount, \$119,969 was insured by FDIC and the remaining amount of \$40,916 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, 2002 and 2001, but received after those dates.

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 December 31, 2002 and 2001
 (Continued)

(4) Property and Equipment

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.

Property and equipment consisted of the following at December 31, 2001:

	<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	141,144	40,571	181,715
Vehicles	5 years	589,040	90,237	679,277
Accumulated depreciation		(769,135)	(103,691)	(872,826)
Net investment in property and equipment		<u>\$ 720,692</u>	<u>\$ 49,317</u>	<u>\$ 770,009</u>

Depreciation expense for the year ended December 31, 2001 was \$110,569.

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Notes to Financial Statements
 December 31, 2002 and 2001
 (Continued)

(5) Due To and From Other Funds

The following schedule represents amounts due to and due from other funds at December 31, 2002 and 2001:

<u>Fund</u>	<u>2002</u>		<u>2001</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	\$ 129,189	\$ 4,700	\$ 94,762	\$ -
Restricted Funds:				
Head Start – due from Child and Adult Care Food program	61,251	2,058	21,558	9,507
Early Head Start – due from Head Start and Child and Adult Care Food Program	5,284	-	5,284	
Child and Adult Care Food	-	72,341		27,079
Community Services Block Grant	-	45,691	-	22,400
Transit System	17,120	26,150	-	19,600
Family Day Care Home	11,979	17,200	8,692	20,800
Low-Income Home Energy Assistance	-	11,979	-	8,692
Weatherization	-	57,268	-	24,468
Johnny Gray Jones – School Lunch	40,814	16,053	5,322	6,434
Johnny Gray Jones Youth Shelter	16,053	28,250	6,434	3,072
	<u>\$ 281,690</u>	<u>\$ 281,690</u>	<u>\$ 142,052</u>	<u>\$ 142,052</u>

(6) Accrued Liabilities

At December 31, 2002 and 2001, accrued liabilities consisted of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll	\$ 71,643	\$ 61,539
Accrued leave	40,990	36,253
Payroll taxes payable	48,005	24,593
	<u>\$ 160,638</u>	<u>\$ 122,385</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, 2002 and 2001
(Continued)

(8) Designated Net Assets

The designated fund balance at December 31, 2002 and 2001 consisted of \$57,814 and \$117,008, respectively, that is designated for the Johnny Gray Jones Youth Shelter Program.

(9) Contractual Revenue – Grants

During the years ended December 31, 2002 and 2001, BOCS received contractual revenue from federal and state grants in the amount of \$5,456,042 and \$5,490,594, 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, 2002 and 2001 were \$14,853 and \$19,875, respectively. No leases have initial or remaining non-cancelable terms in excess of one year.

(11) Retirement Plan

During the year ended December 31, 1999, BOCS entered into a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers full-time employees of BOCS. BOCS contributes 2% of gross salaries for qualified employees to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish.

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, 2002 and 2001 was \$60,647 and \$69,498, respectively.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Notes to Financial Statements
December 31, 2002 and 2001
(Continued)

(12) Note Payable

Long-term debt at December 31, 2002 consisted of a 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. The debt is secured by a vehicle. Approximate maturities of long-term debt are summarized as follows:

For the Year Ending <u>December 30,</u>	Approximate <u>Amount</u>
2003	2,596
2004	2,853
2005	<u>2,326</u>
	<u>\$ 7,775</u>

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

Bossier Offices of Community Services, Inc.
Bossier City, Louisiana
Combining Schedule of Financial Position
December 31, 2002

Assets	Head Start Program	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
Cash	\$ 59,687	\$ 10,945	\$ 11,878	\$	\$	\$ 22,962	\$ 55,264	\$	\$ 3,523	\$	\$ 35,629	\$ 199,888
Grant receivables	76,016		76,749	52,789	4,721	28,070	54,747	67,177	98,278	16,781		475,328
Other receivables		931				1,035			21,663		9,402	33,031
Due from other funds	61,251	5,284			17,120	11,979			16,053	40,814	129,189	281,690
Total current assets	<u>196,954</u>	<u>17,160</u>	<u>88,627</u>	<u>52,789</u>	<u>21,841</u>	<u>64,046</u>	<u>110,011</u>	<u>67,177</u>	<u>139,517</u>	<u>57,595</u>	<u>174,220</u>	<u>989,937</u>
Property and equipment	1,211,475	178,642		5,820	115,480	3,090	1,645	29,840	134,258		18,750	1,699,000
Accumulated depreciation	(701,742)	(35,108)		(2,832)	(115,480)	(2,366)	(1,645)	(8,704)	(102,265)		(15,020)	(985,162)
Net property and equipment	<u>509,733</u>	<u>143,534</u>		<u>2,988</u>		<u>724</u>		<u>21,136</u>	<u>31,993</u>		<u>3,730</u>	<u>713,838</u>
Total Assets	<u>\$ 706,687</u>	<u>\$ 160,694</u>	<u>\$ 88,627</u>	<u>\$ 55,777</u>	<u>\$ 21,841</u>	<u>\$ 64,770</u>	<u>\$ 110,011</u>	<u>\$ 88,313</u>	<u>\$ 171,510</u>	<u>\$ 57,595</u>	<u>\$ 177,950</u>	<u>\$ 1,703,775</u>
Liabilities and Net Assets												
Current liabilities:												
Accounts payable	\$ 857	\$	\$ 12,096	\$ 3,612	\$ 8,476	\$ 40,297	\$ 51,695	\$ 4,708	\$ 23,033	\$ 2,374	\$	\$ 147,148
Accrued liabilities	52,267	9,842	4,190	3,486	3,391	2,854	1,904	5,273	30,420	1,692	45,319	160,638
Current portion of long-term debt									2,596			2,596
Due to other funds	2,058		72,341	45,691	26,150	17,200	11,979	57,268	28,250	16,053	4,700	281,690
Other Liabilities						1,437		1,141				2,578
Refundable advance	141,772	7,318				2,258	51,374			37,476		240,198
Total current liabilities	<u>196,954</u>	<u>17,160</u>	<u>88,627</u>	<u>52,789</u>	<u>38,017</u>	<u>64,046</u>	<u>116,952</u>	<u>68,390</u>	<u>84,299</u>	<u>57,595</u>	<u>50,019</u>	<u>834,848</u>
Long-term debt, less current portion									5,179			5,179
Net Assets:												
Unrestricted:												
Operating					(16,176)		(6,941)	(1,213)			124,201	99,871
Designated for specific programs									57,814			57,814
Fixed assets	509,733	143,534		2,988		724		21,136	24,218		3,730	706,063
Total net assets	<u>509,733</u>	<u>143,534</u>		<u>2,988</u>	<u>(16,176)</u>	<u>724</u>	<u>(6,941)</u>	<u>19,923</u>	<u>82,032</u>		<u>127,931</u>	<u>863,748</u>
Total Liabilities and Net Assets	<u>\$ 706,687</u>	<u>\$ 160,694</u>	<u>\$ 88,627</u>	<u>\$ 55,777</u>	<u>\$ 21,841</u>	<u>\$ 64,770</u>	<u>\$ 110,011</u>	<u>\$ 88,313</u>	<u>\$ 171,510</u>	<u>\$ 57,595</u>	<u>\$ 177,950</u>	<u>\$ 1,703,775</u>

Bossier Offices of Community Services, Inc.
Bossier City, Louisiana
Combining Schedule of Activities
For the Year Ended December 31, 2002

	Head Start Program	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-grant	\$ 2,157,221	\$ 413,094	\$ 247,049	\$ 268,341	\$ 65,601	\$ 319,967	\$ 748,381	\$ 451,028	\$ 700,690	\$ 84,670	\$	\$ 5,456,042
Miscellaneous revenues				65	2,760				163,898	44,514	25,301	236,538
Total revenues and other support	2,157,221	413,094	247,049	268,406	68,361	319,967	748,381	451,028	864,588	129,184	25,301	5,692,580
Expenses:												
Salaries	1,138,968	244,290	124,051	123,060	44,251	33,494	28,630	63,588	531,260	64,590		2,396,182
Fringe Benefits	461,635	100,163	59,754	55,819	18,864	12,593	6,580	24,184	127,837	8,918		876,347
Travel	46,219	11,446	12	3,235		1,584	4,020		8,730			75,246
Equipment and maintenance	42,013	29	17	29,922	1,136	3,302			3,101			79,520
Occupancy	83,532	5,667		2,535	1,033	955		447	39,061			133,230
Telephone	19,863	3,940		6,352	624	447		2,875	14,113			48,214
Insurance	59,637	10,095		6,298	8,450			2,978	2,273			99,731
Vehicle Operation	19,892			9,195				1,749	4,788		210	35,834
Supplies and postage	29,731	14,202	445	14,795		2,501		69,672	26,471	262	36	158,115
Professional services	34,536	3,638	1,453	2,038	852	2,529	2,000	132,125	50,445			229,616
Food and related supplies	116,234	9,291	55,328			261,928			80,335	55,414		578,530
Miscellaneous	64,024	10,333	5,989	3,922		634	6,342	129,482	33,275		1,512	255,513
Client assistance payments				9,935			700,809					710,744
Depreciation	80,075	9,680		849	4,997	349		2,792	11,291		2,303	112,336
Total expenses	2,206,359	422,774	247,049	267,955	80,207	320,316	748,381	429,892	932,980	129,184	4,061	5,789,158
Change in net assets	(49,138)	(9,680)		451	(11,846)	(349)		21,136	(68,392)		21,240	(96,578)
Net assets, as of beginning of year	558,871	153,214		2,537	(4,330)	1,073	(8,941)	(1,213)	150,424		106,691	960,326
Net assets, as of end of year	\$ 509,733	\$ 143,534	\$	\$ 2,988	\$ (16,176)	\$ 724	\$ (8,941)	\$ 19,923	\$ 82,032	\$	\$ 127,931	\$ 863,748

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

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Head Start Grant No. 06CH0190/20
 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, 2002 to January 31, 2003

	Budget	Actual	COB Balances Current Year
Revenues			
Department of Health & Human Services	\$ 2,434,195	\$ 2,434,195	
Grantee's contribution	608,549	564,997	
Training and technical assistance fund	31,696	31,696	
Total revenue	<u>3,074,440</u>	<u>3,030,888</u>	
Expenditures:			
Head Start program			
Personnel	1,342,844	1,137,650	\$ 205,194
Fringe benefits	490,241	473,793	16,448
Travel	37,000	48,714	(11,714)
Supplies	54,405	131,546	(77,141)
Contractual	64,400	32,645	31,755
Other	445,305	430,655	14,650
	<u>2,434,195</u>	<u>2,255,003</u>	<u>179,192</u>
Training and technical assistance			
Personnel	1,404	1,434	
Fringe Benefits	420	387	
Training	16,850	24,843	
Other	13,022	5,032	
	<u>31,696</u>	<u>31,696</u>	
Grantee's share	<u>608,549</u>	<u>564,997</u>	
Total all expenditures	<u>\$ 3,074,440</u>	<u>2,851,696</u>	
Revenue over (under) expenditures		\$ 179,192	
Fund balance, beginning February 1, 2002		229,138	
Reprogrammed from grant #06CH0190/19		(284,942)	
Fund balance, ending January 31, 2003		<u>\$ 123,388</u>	
Fund balance analysis:			
Revenues over expenses grant #06CH0190/19		\$ 229,138	
Reprogrammed from grant #06CH0190/19		(284,942)	
Revenues over expenses grant #06CH0190/19		179,192	
		<u>\$ 123,388</u>	

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Early Head Start Grant No. 06YC0551/04
 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, 2001 to August 31, 2002

	Budget	Actual	COB Balances Current Year
Revenues			
Department of Health & Human Services	\$ 404,652	\$ 404,652	
Grantee's contribution	101,163	96,695	
Total revenue	<u>505,815</u>	<u>501,347</u>	
Expenditures:			
Personnel	243,864	228,316	\$ 15,548
Fringe benefits	98,418	92,462	5,956
Travel	11,500	9,319	2,181
Contractual	7,500	843	6,657
Supplies	22,000	15,283	6,717
Other	21,370	40,556	(19,186)
	<u>404,652</u>	<u>386,779</u>	<u>17,873</u>
Grantee's share	<u>101,163</u>	<u>96,695</u>	
Total all expenditures	<u>\$ 505,815</u>	<u>483,474</u>	
Revenue over (under) expenditures		17,873	
Fund balance, beginning September 1, 2001		<u>76,813</u>	
Fund balance, ending August 31, 2002		<u>\$ 94,686</u>	
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	
		<u>\$ 94,686</u>	

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, 2001 to September 30, 2002

Revenue:

Contract revenue	\$	242,998
		<u>242,998</u>

Expenditures:

Salaries		117,186
Fringe benefits		56,228
Travel		1,790
Nonfood supplies		9,248
Other		5,747
Food service cost		52,799
		<u>242,998</u>

Total expenditures		242,998
		<u>242,998</u>

Excess revenue (expenditures)

Fund balance, October 1, 2001

Fund balance, September 30, 2002

	\$	
		<u><u> </u></u>

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, 2001 to June 30, 2002

Revenue

Transit fares	\$ 1,874
Title XIX funds	35,358
Find Work program	14,693
Bossier City transit program	26,870
	<hr/>
Total revenue	78,795
	<hr/>

Expenditures:

Salaries	48,691
Fringe benefits	20,238
Utilities/telephone	1,550
Other expenses	5,641
	<hr/>
Total expenditures	76,120
	<hr/>

Excess revenue (expenditures)	2,675
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Fund balance, beginning July 1, 2001	(1,805)
	<hr/>

Fund balance, ending June 30, 2002	\$ 870
	<hr/> <hr/>

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, 2001 to September 30, 2002

Revenue:

Grant revenue	\$	328,888
		328,888

Expenditures:

Salaries		31,810
Fringe benefits		13,440
Travel		1,815
Office costs		3,319
Operating costs		5,985
Data processing and audit		2,706
Food service costs-provider payments		262,377
		262,377

Total expenditures		321,452
		321,452

Excess revenue (expenditures)		7,436
-------------------------------	--	-------

Fund balance, October 1, 2001		557
		557

Fund balance, September 30, 2002	\$	7,993
		7,993

Fund balance analysis:

Funds returned	\$	(203)
9/30/00 excess		84
9/30/01 excess		676
9/30/02 excess		7,436
		7,436
	\$	7,993

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: July 1, 2001 to March 31, 2002

Revenue:

Contract revenue	\$	290,558
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Expenditures:

Administrative costs		15,600
Materials/Program Support		264,021
Liability insurance		247
T & TA		7,184
Financial audit		30

Total expenditures		287,082
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Excess revenue (expenditures)		3,476
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Fund balance, July 1, 2001		(1,213)
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Fund balance, March 31, 2002	\$	2,263
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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, 2001 to June 30, 2002

Revenue:

Contract revenue	\$ 503,050
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Expenditures:

Salaries	343,230
Fringe benefits	98,857
Travel	5,902
Supplies	22,774
Professional services	2,803
Operating services	29,484

Total expenditures	503,050
--------------------	---------

Excess revenue (expenditures)	\$
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Bossier Office of Community Services, Inc.
Bossier City, Louisiana
School Lunch Program
Schedule of Revenues and Expenditures
For the Period: July 1, 2001 to June 30, 2002

Revenue

Contract revenue - youth shelter	\$ 41,169
Contract revenue - detention center	42,069
Other income	<u>60,483</u>
Total revenue	<u>143,721</u>

Expenditures:

Salaries	54,446
Fringe benefits	8,669
Nonfood supplies	68
Food cost	<u>80,538</u>
Total expenditures	<u>143,721</u>

Excess revenue (expenditures)

Fund balance, July 1, 2001

Fund balance, June 30, 2002

\$

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

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>			
<u>Direct Programs:</u>			
Head Start (Fy 1-31-02)	93.600	06CH0190/19	\$ 261,933
Head Start (Fy 1-31-03)	93.600	06CH0190/20	1,868,515
Early Head Start (Fy 8-31-02)	93.600	06YC0551/04	271,124
Early Head Start (Fy 8-31-03)	93.600	06YC0551/05	141,970
Passed through Caddo Community Action Agency: Training and Technical Assistance (Fy 1-31-02)	93.600	N/A	25,927
Passed through Louisiana Department of Labor Community Services Block Grant (Fy 9-30-02)	93.569	2000N0033	44,013
Community Services Block Grant (Fy 9-30-03)	93.569	2002N0033	226,486
Passed through Louisiana Department of Social Services - Office of Community Services Title XIX Transportation (Fy 6-30-02)	93.667	Unknown	16,507
Title XIX Transportation (Fy 6-30-03)	93.667	Unknown	18,049
Passed through Louisiana Housing Finance Agency Low Income Home Energy Assistance Program (Fy 9-30-02)	93.568	Unknown	705,337
Low Income Home Energy Assistance Program (Fy 9-30-03)	93.568	Unknown	54,567
Temporary Assistance for Needy Families Weatherization Assistance Program (Fy 3-31-02)	93.568	Unknown	30,461
Weatherization Assistance Program (Fy 3-31-03)	93.568	Unknown	125,077
	93.568	Unknown	325,951
Total U.S. Department of Health and Human Services			<u>4,115,917</u>

(Continued)

Bossier Office of Community Services, Inc.
 Bossier City, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2002
 (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 9-30-02)	10.558	N/A	234,744
Child Care Food Program (FDCH) (Fy 9-30-03)	10.558	N/A	85,223
Child Care Food Program (Head Start) (Fy 9-30-02)	10.558	N/A	170,301
Child Care Food Program (Head Start) (Fy 9-30-03)	10.558	N/A	76,749
National School Lunch Program (Fy 6-30-02)	10.555	N/A	(8,330)
National School Lunch Program (Fy 6-30-03)	10.555	N/A	22,283
Total Department of Agriculture			<u>580,970</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Bossier City			
Community Development Block Grant - Transportation Assistance (Fy 6-30-02)	14.218	N/A	17,508
Community Development Block Grant - Transportation Assistance (Fy 6-30-03)	14.218	N/A	9,362
Total Department of Housing and Urban Development			<u>26,870</u>
Total Federal Expenditures			<u>\$ 4,723,757</u>

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

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

TED D. GREER, CPA
C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

To the Board of Directors
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, 2002, and have issued our report thereon dated May 9, 2003. 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's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we 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's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 2002-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 16, 2003.

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 long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
May 16, 2003

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

TED D. GREER, CPA
C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Compliance

We have audited the compliance of Bossier Office of Community Services, Inc. (a nonprofit organization) 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, 2002. 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 2002-C2 in the accompanying schedule of findings and questioned costs, Bossier Office of Community Services did not comply with requirements regarding reporting that are applicable to its Head Start program. Compliance with such requirements is necessary, in our opinion, for Bossier Office of Community Services 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 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, 2002.

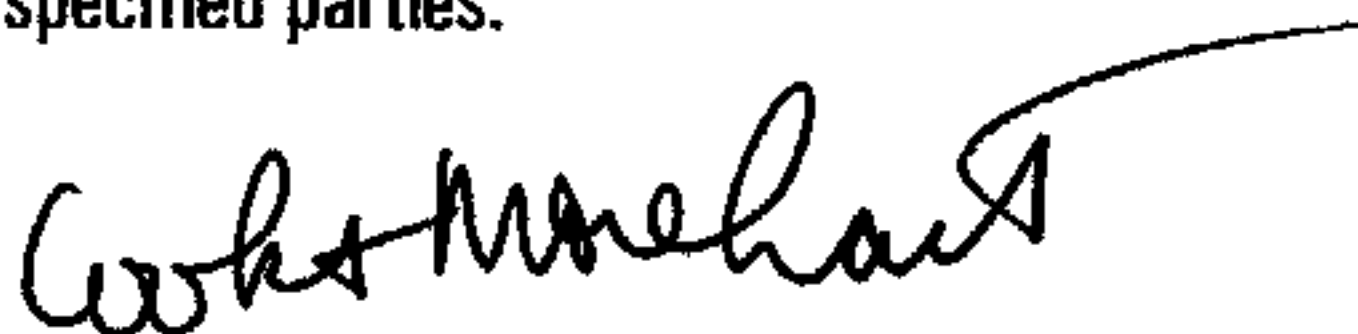
Internal Control Over Compliance

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 a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Bossier Office of Community Services' ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-C1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not considered 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
May 16, 2003

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2002

There were no findings for the previous audit period ended December 31, 2001.

Schedule of Findings and Questioned Costs
December 31, 2002

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*.
3. No instances of noncompliance material to the financial statements of Bossier Office of Community Services, Inc. were disclosed during the audit.
4. One reportable condition is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Bossier Office of Community Services, Inc. expresses a qualified opinion.
6. Audit findings relative to the major federal award programs for Bossier Office of Community Services, Inc. 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. qualifies as a low-risk auditee.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2002
(Continued)

B. Findings – Financial Statements Audit

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.

Response: The Bossier Office of Community Services will ensure that each program's general ledger will be printed on a monthly basis and reviewed by the Finance Director and Chief Executive Officer. A copy of the bank reconciliation will be attached to verify all cash balances. In addition, the monthly reports will be provided to program directors for their review and input. Outstanding checks over 30 days will be researched by the bookkeepers and reported to the Finance Director for disposition. Interagency loans from the general ledger to other programs and 941s will be reconciled on a quarterly basis and reported to the Chief Executive Officer.

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2002
(Continued)

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

Response: See response at finding 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 06CH0190/19 – 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

(Continued)

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2002
(Continued)

Grant award 06CH0190/20 – 1/31/03

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

Criteria: OMB Circular A-133 Compliance Supplement, Part 3, Section L, "Reporting," provides the guidelines for reporting by a recipient of federal funds.

Effect: Agency's expenditures were reported incorrectly on final 269 reports.

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

Response: The Bossier Office of Community Services has submitted a corrected Standard Form 269 financial status report for program year 19 to the Department of Health and Human Service-ACF, Region VI and will submit a corrected Standard Form 269 financial status report for program year 20 upon consultation with funding source.

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2002

There were no findings for the prior year audit for the year ended December 31, 2001.

There were three management letter comments for the prior year audit ended December 31, 2001, as follows:

(1) CREDIT CARD PAYMENTS

Improvement noted.

(2) TRAVEL ADVANCES

Improvement noted.

(3) TRANSIT PROGRAM OPERATING DEFICIT

See repeat comment in current year management letter.

Bossier Office of Community Services, Inc.
Bossier City, Louisiana
Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2002

There were 2 findings for the current year audit for the year ended December 31, 2002, as described in the accompanying schedule of findings and questioned costs.

There were 4 management letter comments for the year ended December 31, 2002. Management's response to these comments is shown below.

(1) RETIREMENT PAYMENTS

Program account payment will be made to the payroll account upon each pay period.

(2) HEAD START CENTER LICENSE

The records maintained by the Head Start program indicate that applications for licensing were completed, signed and mailed on November 30, 2001 which included applications and fees for Benton, Hooter Park, and Wesley Chapel Head Start to the Department of Social Services Licensing Bureau. The program received a letter dated January 17, 2002 from Ms. Thelia Stevenson, Director for the Licensing Bureau in reference to Wesley Chapel Head Start Center. The Head Start Director made several attempts to communicate via phone with Ms. Rollins as director by the letter. Finally, the Head Start Director was able to speak with Ms. Rollins in reference to Wesley Chapel Center license. The Head Start Director was informed that the license for Wesley Chapel would have to be treated as a new center application. The Head Start Director explained to Ms. Rollins that the license should not be treated as a new application due to the fact that the application was submitted in a timely manner and prior to the expiration date of the license. Based on the licensing bureau process, the issuance of licensing for Wesley Chapel was delayed.

The Head Start program has in place a person in charge to ensure that all licensing application are submitted in a timely manner.

(3) FDCH EXCESS FUNDS

The Bossier Office of Community Services has submitted excess funds to the appropriate funding source in the amount of \$7,436 on June 26, 2003.

(4) RECONCILIATION OF PAYROLL TAX REPORTS

941 payroll tax reports will be reconciled on a quarterly basis and reported to the Chief Executive Officer.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

TED D. GREER, CPA
C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

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Management Letter

May 16, 2003

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. (BOCS), for the year ended December 31, 2002, and have issued our report thereon dated May 16, 2003. 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. This comment has been discussed with the appropriate members of management.

(1) RETIREMENT PAYMENTS

During our audit, we noted that payments for retirement expenses were not reimbursed to the payroll account from the various programs on a timely basis.

We recommend that payments be made to the payroll account from the various programs each pay period.

(2) HEAD START CENTER LICENSE

During our audit, we noted that the Wesley head start center did not have proper licensing from January 1, 2002, through August 16, 2002. No reimbursement was claimed for meals served during that time period; therefore, the food service reimbursements were lower during those months.

We recommend the agency appoint someone to be in charge of licensing to ensure all facilities are properly licensed at all times, thereby ensuring the maximum food service reimbursement possible.

(3) FAMILY DAY CARE HOME PROGRAM EXCESS FUNDS

During our audit, we noted that Family Day Care Home program has excess funds, as follows:

	<u>Administrative</u>	<u>Provider</u>	<u>Total</u>
Reimbursement received	\$ 66,261	\$ 262,627	\$ 328,888
Actual expenditures	<u>59,075</u>	<u>262,377</u>	<u>321,452</u>
Difference	<u>\$ 7,186</u>	<u>\$ 250</u>	<u>\$ 7,436</u>

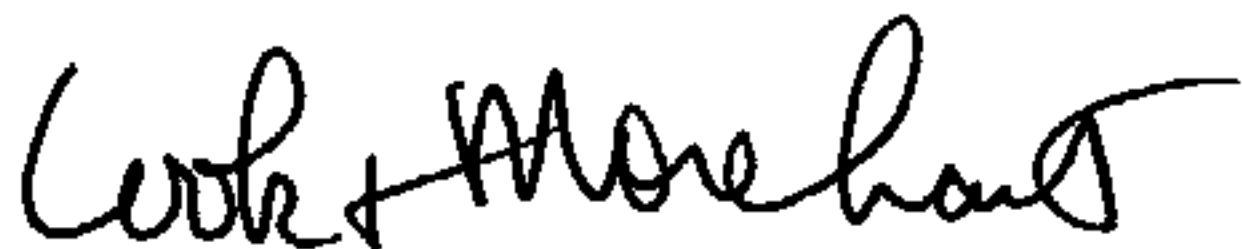
We recommend the agency contact its funding source concerning the disposition of these excess funds.

(4) 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.

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