

OFFICIAL
FILE COPY
DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

AUDIT REPORT

DECEMBER 31, 2006

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 11/7/07

Terrie L. Jackson
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF THE FINANCIAL STATEMENTS	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
NOTES TO THE FINANCIAL STATEMENTS	7-14

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	16
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17-18
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	19-21
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	22-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	27-30
COMBINING STATEMENTS OF FINANCIAL POSITION	31
COMBINING STATEMENTS OF ACTIVITIES	32

TERRIE L. JACKSON
Certified Public Accountants
P. O. Box 31873
Houston, Texas 77231-1873
(713) 728-0650

Membership:

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Houston Chapter, Texas Society of CPAs

Independent Auditor's Report

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

We have audited the accompanying statement of financial position of Bossier Office of Community Services, Inc. (a non-profit corporation) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2006, and the changes in its net assets, its cash flows and its functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended December 31, 2005 were audited by other auditors and they disclaimed an opinion. These financial statements are included for comparative purposes only.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2007, on our consideration of Bossier Office of Community Services,

Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted 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.

A handwritten signature in black ink, appearing to read "Tom Jackson". The signature is written in a cursive style with a large, sweeping initial "T".

Houston, Texas

September 28, 2007

Bossier Office of Community Services, Inc.
 Statements of Financial Position
 December 31, 2006

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets		
Cash	\$ 140,165	\$ 195,001
Grants receivable	72,058	413,636
Account receivable insurance	100,000	-
Accounts receivable Other	-	54,008
Total current assets	312,223	662,645
Property and Equipment		
Furniture, fixtures & equipment	258,258	288,098
Vehicles	848,637	848,637
Buildings	928,858	928,858
Land	35,966	35,966
Accumulated Depreciation	(1,423,861)	2,101,559
Net Property and Equipment	647,858	797,097
Total assets	960,081	1,459,742
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 162,198	\$ 280,078
IRS payable	1,000,921	-
Accruals	-	985,652
Current portion of long term debt	3,916	3,598
Refundable advance	-	51,198
Other liabilities	-	2,578
Total current liabilities	1,167,035	1,323,104
Long term portion of debt	1,660	5,059
	1,660	5,059
Total liabilities	1,168,695	1,328,163
Net assets:		
Unrestricted	(865,146)	(656,861)
Temporarily restricted	17,331	-
Permanently restricted	639,201	788,440
Total net assets	(208,614)	131,579
Total liabilities and net assets	\$ 960,081	\$ 1,459,742

See accompanying notes.

Bossier Office of Community Services, Inc.
Statements of Activities
For the Years Ended December 31, 2006 and 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
<u>Revenues, gains, and other support:</u>					
Interest	\$ -	\$ -	\$ -	\$ -	\$ 7,208,487
Grant revenues	-	4,795,291	-	4,795,291	190,984
Local	118,232	-	-	118,232	-
	118,232	4,795,291	-	4,913,524	7,399,471
 <u>Net Assets Released from restriction</u>					
Satisfaction of program restrictions	4,777,960	(4,777,960)	-	0	-
Note payment	-	-	-	-	-
Satisfaction of capital acquisition	-	-	-	-	-
Expiration of time restrictions	142,459	-	(142,459)	-	-
	4,920,419	(4,777,960)	(142,459)	-	-
 Insurance claim-extraordinary income	 100,000	 -	 -	 100,000	 -
 Total unrestricted revenues, gains, and other support	 5,138,651	 17,331	 (142,459)	 5,013,524	 7,399,471
 <u>Expenses</u>					
Head Start and Early Head Start Grant	2,827,629	-	-	2,827,629	2,966,291
Child and Adult Care Food Program	307,016	-	-	307,016	427,479
Community Services Block Grant	216,969	-	-	216,969	270,527
Low Income Home Energy Assistance	34,058	-	-	34,058	349,129
Non Emergency Medical Transportation	33,767	-	-	33,767	84,647
Community Services - Youth Program	604,591	-	-	604,591	1,375,908
Youth Shelter	495,491	-	-	495,491	1,058,327
Federal Emergency Management	17,136	-	-	17,136	-
Community Development Block Grant	4,418	-	-	4,418	-
School Lunch	43,106	-	-	43,106	138,267
Family Day Care Home	247,281	-	-	247,281	678,455
Weatherization	88,956	-	-	88,956	411,204
General Services	426,517	-	-	426,517	-
Total expenses and losses	5,346,936	-	-	5,346,936	7,760,234
 Changes in net assets	 (208,285)	 17,331	 (142,459)	 (333,412)	 (360,763)
 Net assets at beginning of year	 (656,861)	 -	 788,440	 131,579	 594,738
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Restated Net Assets	(656,861)	-	788,440	131,579	594,738
Assets returned to grantor (net)	-	-	(6,780)	(6,780)	-
 Net assets at end of year	 \$ (865,146)	 \$ 17,331	 \$ 639,201	 \$ (208,613)	 \$ 131,579

See accompanying notes.

Bossier Office Community Services, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2006 and 2005

	2006	2005
<u>Cash flows from operating activities:</u>		
Cash received from grants	\$ 5,190,877	\$ 7,151,234
Cash paid to employees and suppliers	(5,406,007)	(7,123,071)
Other	118,232	190,984
Interest paid	45,144	-
Net cash provided (used) by operating activities	(51,754)	219,147
<u>Cash flows from investing activities:</u>		
Capital purchases	-	(265,550)
Other	-	(7,753)
Net cash provided (used) by investing activities	-	(273,303)
<u>Cash flows from financing activities:</u>		
Increase (Decrease) in notes payable	(3,081)	(4,923)
Other	-	(439,796)
Net cash provided (used) by financing activities	(3,081)	(444,719)
Net increase (decrease) in cash	(54,835)	(498,875)
Cash at beginning of year	195,001	303,874
Cash at end of year	\$ 140,166	\$ (195,001)
<u>Reconciliation of change in net assets</u>		
<u>to net cash provided by operating activities:</u>		
Change in net assets	\$ (333,412)	\$ (360,763)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	142,459	158,427
Change in receivables	295,586	(6,055)
Change in accounts payables	(156,387)	427,538
Net cash provided (used) by operating activities	\$ (51,754)	\$ 219,147

See accompanying notes.

Bossier Office of Community Services, Inc.
Statements of Functional Expenses
December 31, 2006

	Non										2005 TOTAL			
	Head Start and Early Head Start	Child and Adult Care Food	Community Services	Home Energy Assistance	Emergency Transit Services	Youth Shelter	FEMA	COBAG	JGJ School Lunch	Family Day Care Home		Weatherization Assistance	OCS Youth Services	General Services
Personnel	\$ 1,469,545	\$ 73,019	\$ 110,771	\$ 20,318	\$ 5,616	\$ 337,960	\$ -	\$ -	\$ 11,983	\$ 29,345	\$ 46,368	\$ 222,088	\$ 381,373	\$ 2,708,385
Fringe benefits	599,324	25,761	50,689	9,858	6,515	67,427	-	-	917	13,785	-	24,505	-	798,781
Travel	16,236	606	603	625	-	754	-	-	18	1,127	-	440	-	20,409
Equipment	60,740	-	-	-	-	20,416	-	-	-	-	-	-	-	81,157
Supplies	47,497	-	-	1,081	484	-	-	-	-	5,805	3,951	-	-	58,818
Occupancy	910	-	-	-	-	1,988	-	-	-	-	-	-	-	2,878
Contractual	31,267	-	-	-	-	-	-	-	-	-	-	38,356	-	69,622
Telephone	20,065	-	-	-	471	3,354	-	-	-	245	-	10,020	-	34,155
Utilities	49,221	-	-	-	357	21,556	-	-	-	512	-	16,032	-	87,779
Insurance	127,607	-	-	-	-	-	-	-	-	-	-	88,207	-	215,814
Vehicle operations	52,059	-	-	-	4,920	-	-	-	-	-	-	3,645	-	60,625
Maintenance	24,915	7,209	-	-	-	4,500	-	-	-	-	5,083	-	-	41,707
Office expenses	15,872	37	-	-	-	-	-	-	-	-	-	-	-	15,910
Professional	3,137	-	-	-	-	33,949	-	-	450	-	-	-	-	37,536
Food and supplies	45,815	187,579	-	-	-	29,738	-	-	-	-	-	44,791	-	307,924
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	45,144	-
IRS penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provider training	-	-	-	-	-	-	-	-	-	192	-	-	-	192
Miscellaneous	-	-	950	-	-	-	-	-	-	-	3,694	-	-	4,644
Client assistance	-	-	-	573	15,404	-	17,136	4,418	-	-	29,860	-	-	67,391
Other	141,279	12,804	53,441	910	-	3,508	-	-	-	196,139	-	137,527	-	545,608
Total	\$ 2,705,491	\$ 307,016	\$ 216,455	\$ 33,365	\$ 33,767	\$ 495,491	\$ 17,136	\$ 4,418	\$ 43,106	\$ 247,149	\$ 88,956	\$ 585,609	\$ 426,517	\$ 5,204,477
Depreciation	122,138	-	514	693	-	-	-	-	-	132	-	18,982	-	142,459
Total	\$ 2,827,629	\$ 307,016	\$ 216,969	\$ 34,058	\$ 33,767	\$ 495,491	\$ 17,136	\$ 4,418	\$ 43,106	\$ 247,281	\$ 88,956	\$ 604,591	\$ 426,517	\$ 5,346,936
														\$ 7,148,045

Expenses:

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PROGRAM DESCRIPTION -

Bossier Office of Community Services, Incorporated (BOCS) is a private nonprofit corporation established under the laws of the State of Louisiana. The corporation is organized to operate a Community Services Program in and for Bossier Parish, Louisiana. Specifically, the corporation is organized to:

- A. serve as the official anti-poverty agency in Bossier Parish, Louisiana;
- B. create, plan, develop, implement, conduct and administer programs according to Federal rules, regulations and guidelines that involve the maximum participation of the community served;
- C. ensure and provide affordable, safe, sanitary and decent housing to very low, low and moderate income residents of the State and expand economic development and home ownership opportunities for low and moderate income residents of the State;
- D. provide assistance and educational materials related to housing to very low, low and moderate income residents of the State;
- E. improvise and utilize all community resources both public and private in an organized approach on eliminating poverty.

Bossier Office of Community Services Inc.'s operations are segregated into general grant programs as follows:

Head Start and Early Head Start Programs (HS and EHS) provides comprehensive educational and support services to low-income and disabled children zero to five years of age and children who have not reached the compensatory school age. This program provides health, mental health, nutrition, education and parent involvement services to children in an effort to enable the child to function at an optimum level in their environment. Funding is provided through federal funds from the U.S. Department of Health and Human Services.

Child and Adult Care Food Program (CACFP) provides a food service program in conjunction with the Head Start and Early Head Start Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

Community Services Block Grant (CSBG) 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 provides transportation services to citizens in the urban and rural areas of Bossier Parish. Funding is provided by 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.

Low-Income Home Energy Assistance Program (LIHEAP) 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.

National School Lunch Program (NSLP) 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 (JGJYS) provides 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.

Family Day Care Home (FDCH) provides 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. This program is no longer administered by this agency.

Weatherization Assistance Program (WAP) weatherizes (insulates) the dwellings of low-income persons, particularly the elderly and disabled 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. This program is no longer administered by this agency.

Reporting Entity - The governing body of Bossier Office of Community Services is its Board of Directors. The Board appoints an Executive Director to administer the affairs of the agency. BOCS is not considered a component of the city, parish or any governmental body. The governing board independently oversees the agency's operations.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

- 1) The accompanying financial statements include all of the organization's programs, activities and functions of BOCS for which the Board has oversight responsibility, except as described in the following paragraph. Such oversight responsibilities include designation of management, the ability to significantly influence operations, accountability for fiscal matters, and the scope of public services.
- 2) Some equipment is owned by BOCS while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds, therefore its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

BASIS OF ACCOUNTING -

Accounting Policies – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. BOCS uses the accrual basis of accounting.

Financial Statement Presentation – The financial statements are presented as recommended by Financial Accounting Standards Board's Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires the agency to report information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Revenue and Support – Grant revenues (Grants and Governmental reimbursements) are recognized using the legal and contractual requirements of the Agency's programs as guidance. Grant revenues (where funds must be expended for specific purposes prior to amount being reimbursed to the Agency) are recognized based on expenditures recorded.

BOCS reports grants and gifts of cash and other assets as restricted support if they are received with donor or grant stipulations that limit the use of the donated assets. When a donor 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. Temporarily restricted net assets are restricted for future period expenditures.

Property and Equipment – Property and equipment are recorded at costs unless donated. If donated, property and equipment are carried at the approximate fair value at the date of donation. It is BOCS's policy to capitalize property and equipment with a unit cost of \$500 or more. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulation regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

BOCS recognizes depreciation on its fixed assets in accordance with generally accepted accounting principles. The Federal government has a reversionary interest in property purchased with Federal funds. Its disposition, as well as any disposition proceeds, is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source. Fixed assets are depreciated using the straight-line method as follows:

BOCS's fixed assets are stated at cost and are depreciated as follows:

<u>Fixed Asset</u>	<u>Useful Life</u>	<u>Method</u>
Furniture & Equipment	5 – 10 Years	Straight Line
Vehicles	5 Years	Straight Line
Buildings	20 – 30 Years	Straight Line

Depreciation expense for the year ended December 31, 2006 totaled \$142,459.

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. BOCS had no cash equivalents at December 31, 2006.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes – BOCS is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private corporation.

Contributed Services – BOCS received donated services from a variety of unpaid volunteers assisting in its program services. No amounts for donated services have been

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

recognized in the accompanying statements of activities since the criteria for recognition of such volunteer efforts under SFAS No. 116 has not been satisfied.

Pension Plan – A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001.

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.

NOTE 2: PROGRAM EXPENSES

Net assets were released from grantor restrictions by incurred expenses satisfying the restricted purposes or by occurrence of other events specified by funding sources.

Purpose restrictions accomplished:

Head Start, Early Head Start Program	\$ 2,705,491
Child and Adult Care Food Program	307,016
Community Services Block Grant	216,455
Low Income Home Assistance Program	33,365
Non Emergency Transit Services	33,767
Johnny Gray Jones Youth Shelter	1,080,101
Federal Emergency Management Assistance	17,136
Community Development Block Grant	4,418
National School Lunch Program	43,106
Family Day Care Home Program	247,149
Weatherization Assistance Program	88,956
Total	\$ 4,776,960

NOTE 3: LEASE COMMITMENTS

BOCS leases space and equipment under operating leases from various entities. Rent expense for the year ended December 31, 2006 was \$6,178. No leases have initial or remaining non-cancelable terms in excess of one year.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

NOTE 4: PENSION PLAN

A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001. 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 total salary of eligible employees is contributed to the plan by BOCS.

The amount contributed by BOCS to retirement plans on behalf of the employees for the year ended December 31, 2006 was \$89,028.

NOTE 5: GRANTS RECEIVABLE

Grants receivable at December 31, 2006 is comprised of the following:

<u>Agency</u>	<u>Program</u>	<u>Amount</u>
Louisiana Department of Education	Child and Adult Care Food	\$ 50,627
Louisiana Department of Education	National School Lunch	4,067
Office of Community Services	General Services	<u>17,364</u>
	Total	<u>\$ 72,058</u>

NOTE 6: INSURANCE CLAIM

The agency received a settlement in the amount of \$100,000 as the result of employee malfeasance. This amount has been placed in escrow with the agency's general counsel. This is not the counsel that is currently representing them before the Internal Revenue Service. The agency is currently being represented by two members of the former auditing firm.

NOTE 7: CONCENTRATION OF CREDIT RISK

BOCS received over 97% of its funding from Federal and State grants with the Head Start program providing over 55% of all grant revenues.

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, 2006, BOCS had no significant concentrations of credit risk in relation to grant receivables.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

NOTE 8: COMMITMENTS AND CONTINGENCIES

BOCS participates in certain governmental financial assistance programs. Although BOCS grant programs have been audited through December 31, 2006 in accordance with provisions of the Single Audit Act, these programs are still subject to financial and compliance audits by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although BOCS expects such amounts, if any, to be immaterial.

BOCS made an offer in compromise during February 2007 with the Internal Revenue Service concerning payment of payroll taxes. According to the Agency's representative, they are awaiting final acceptance of the proposal. The Agency reflected the liability for this amount in the financial statements presented.

NOTE 9: NOTES PAYABLE

	2006
Note payable, Citizens National Bank, maturity May 15, 2008 interest at 8.50%, payable in 60 monthly installments of \$353.76 secured by vehicle	\$ 5,576
Less: Current Portion	1,660
Long-Term Portion	<u>\$ 3,916</u>

The Agency had notes payable in the amount of \$5,576 at December 31, 2006 that consisted of the following:

Interest expense related to note payable for the year totaled \$648.

Future maturities of long-term debt as of December 31, 2006 are as follows:

Year ended December 31,	Approximate Amount
2007	\$3,916
2008	1,660
Total	<u>\$5,576</u>

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

NOTE 10: IRS PAYABLE

This amount consists of the following:

Withholding taxes payable for the period	\$ 824,388
Interest payable	112,873
Related penalties	<u>63,660</u>
Total	\$1,000,921

At the end of December 31, 2003, the Agency owed \$212,564 that was not reflected in the financial statements for that period. The remaining balance consists, of the periods March, June, September, December 2004 and March and September 2005.

NOTE 11: DEFICIT NET ASSETS

The Agency is optimistic that the offer in compromise will be accepted to relieve them of the tax liabilities for underpayment of payroll withholding taxes. In the event, the offer is not accepted there is no contingency plan to repay these fiduciary funds.

NOTE 12: CHANGE IN PRESENTATION OF FINANCIAL STATEMENTS

For the year ending December 31, 2006, net asset balances were reclassified to conform with Financial Accounting Standard 117 and all due to and due from categories were eliminated to comport with FAS 117. As mention earlier, all assets with donor restrictions have been reclassified as temporarily restricted and all asset that the donor grantor has a reversionary interest have been reclassified as permanently restricted.

SUPPLEMENTAL INFORMATION

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2006

Federal Grantor/Pass through Grantor/Program Title	Federal CFDA <u>Number</u>	Agency or Pass-through <u>Number</u>	Federal <u>Expenditures</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program			
Head Start Program	93.600	06CH0190/24	\$ 2,705,491
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	2006N0033	216,455
Passed through Louisiana Department of Social Services- Office of Community Services Title XIX Transportation (FY 6-30-06)	93.667	Unknown	33,767
Passed through Louisiana Housing Finance Agency. Low Income Home Energy Assistance Program	93.568	Unknown	33,365
Weatherization Assistance Program	93.568	Unknown	88,956
Total U.S. Department of Health and Human Services			<u>3,078,034</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Louisiana Department of Education Child and Adult Care Food Program	10.558	N/A	307,016
Child Care Food Program	10.558	N/A	247,149
National School Lunch Program	10.558	N/A	43,106
Total Department of Agriculture			<u>597,271</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through City of Bossier City Community Development Block Grant - Transportation Assistance	14.218	N/A	4,418
Total Department of Housing and Urban Development			<u>4,418</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through a local governing board Emergency Food and Shelter Program (FEMA)	97.024	Unknown	17,136
Total Federal Emergency Management Agency			<u>17,136</u>
Total Federal Expenditures			<u>\$ 3,696,859</u>

See accompanying notes.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO SCHEDULE OF FEDERAL AWARDS
December 31, 2006

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and state assistance and federal and state cost-reimbursement contracts of Bossier Office of Community Services, Inc. BOCS receives federal awards both directly from the United States Department of Health and Human Services and indirectly through the State of Louisiana.

Federal program expenditures included in the accompanying schedule are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Major Program

One major program is identified in the Summary of Auditor's Results in the Schedule of Findings and Questioned Costs.

(3) Matching

During the year BOCS received donations of space, materials and volunteer services that totaled \$999,109.

TERRIE L. JACKSON
Certified Public Accountants
P. O. Box 31873
Houston, Texas 77231-1873
(713) 728-0650

Membership:

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Houston Chapter, Texas Society of CPAs

**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 have audited the financial statements of Bossier Office of Community Services, Inc. (BOCS) as of and for the year ended December 31, 2006, and have issued our report thereon dated September 28, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bossier Office of Community Services Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bossier Office of Community Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the

organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, 2006-2 and 2006-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

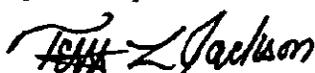
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-2 and 2006-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BOCS'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2006-1, 2006-2, and 2006-3.

Bossier Office of Community Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit BOCS's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of directors, others within the entity, 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.



Houston, Texas
September 28, 2007

TERRIE L. JACKSON
Certified Public Accountants
P. O. Box 31873
Houston, Texas 77231-1873
(713) 728-0650

Membership:

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Society of Louisiana Certified Public Accountants
Houston Chapter, Texas Society of CPAs

**Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control over Compliance in Accordance with OMB 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. (BOCS) 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, 2006. 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 BOCS's management. Our responsibility is to express an opinion on BOCS'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 BOCS'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 of BOCS's compliance with those requirements.

As described in item 2006-4 in the accompanying schedule of findings and questioned costs, Bossier Office of Community Services, Inc. did not comply with requirements regarding cash management that are applicable to its Head Start, Early Head Start and Child and Adult Care Food Programs. Compliance with such requirements is necessary, in our opinion, for BOCS to comply with the 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, 2006.

Internal Control over Compliance

The management of BOCS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered BOCS'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BOCS's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-4 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or

detected by the entity's internal control. Of the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2006-4 to be a material weakness.

Bossier Office of Community Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit BOCS's response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of management, the board of directors, others within the entity, 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 "Terry L. Jackson". The signature is written in a cursive, flowing style.

Houston, Texas
September 28, 2007

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Financial Statement Audit Findings

2005-B1: REPORTABLE CONDITION

Condition: During the audit the following items were noted concerning the agency's general ledger's:

- 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.

Recommendation: The auditor recommended that the agency's general ledgers 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.

Current Status: The Agency has hired a qualified Finance Director to ensure proper accountability of funds. The general ledgers are printed out monthly and corrections are made if needed. Supporting documents are attached to the journal entries.

2005-B2: REPORTABLE CONDITION

Condition: Test of payroll transaction revealed that pay rate authorization forms and authorization for deductions were not always updated in employee files.

Recommendation: The auditor recommended that updated pay rate authorizations and authorizations for deductions be updated on a regular basis.

Current Status: Procedures are in place whereby rate authorizations are turned into finance with prior approval of the Executive Director. The Finance Director makes the appropriate corrections, the rate authorization is copied then returned to the proper department to be filed in the employee's personnel file.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006
(Continued)

2005-B3: FINDING

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

Recommendation: The auditor recommended that the agency implement procedures to ensure that the audit report is submitted in accordance with state audit law.

Current Status: BOCS will engage an approved CPA firm before the end of the audit year period December 31 and follow up with CPA conducting the audit.

2005-B4: MATERIAL WEAKNESS

Condition: 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 operating deficits in various programs.

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

Current Status: BOCS has a financial management system in place and is being implemented. BOCS entered into an Offer in Compromise with the IRS on February 26, 2007 to eliminate the tax debt. The 2005 audit indicated Johnny Gray Jones Youth Shelter did not pay into the payroll account for a number of payrolls totaling approximately \$375,000.00. Unrestricted funds (gaming industry, donations, etc.) received by Johnny Gray Jones Youth Shelter will be used to reimburse the payroll accounts. These monies will be used to off-set the retirement liability.

Major Federal Award Program Audit Findings

2005-C1: REPORTABLE CONDITION

Condition: 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.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006
(Continued)

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

Recommendation: The auditor recommended that the agency's general ledgers 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.

Current Status: The Agency has hired a qualified Finance Director to ensure proper accountability of funds. The general ledgers are printed out monthly and corrections are made if needed. Supporting documents are attached to the journal entries.

2005-C2: REPORTABLE CONDITION

Condition: It was 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.

Recommendation: It was recommended that the agency's reports be reconciled to the agency's general ledger prior to submission.

Current Status: The PMS 272 reports are being reconciled to the general ledger as of the 4th quarter of 2005. The first 3 quarters of 2005 were done by the previous Finance Director who is no longer employed with BOCS.

2005-C3: FINDING

Condition: The auditor determined that they would not test for eligibility requirements of the Family Day Care Home Program. The reviewed certain information from investigators in conjunction with the District Attorney for the Twenty-Sixth Judicial District's investigation. Based on the review of those items, they determined that the agency was not following the proper eligibility requirements and controls of the program.

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

Current Status: The Family Day Care Home Director is no longer employed at BOCS. The monitors reviewed documents made available by the providers to determine proper

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006
(Continued)

eligibility and those providers which were determined not to be eligible were terminated from the program.

2005-C4: REPORTABLE CONDITION

Condition: (See 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 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.

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

Current Status: The Child and Adult Care Food Program should never have a deficit because Head Start pays for cost in excess of CACFP. Transfers and journal entries to and from Head Start and CACFP are being made to show Head Start support costs of CACFP.

2005-C5: REPORTABLE CONDITION

Condition: It was 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.

Recommendation: The auditor recommended that procedures be implemented to ensure that expenditure reports filed with funding sources are in agreement with agency's general ledger. They further recommended that the agency communicate with its funding source concerning the questioned costs.

Current Status: A close out of Weatherization was conducted on April 10, 2006 by Louisiana Housing and Finance Agency. All assets pertaining to Weatherization were transferred to the new administrator.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006
(Continued)

2005-C6: REPORTABLE CONDITION

Condition: It was 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.

Recommendation: It was recommended that procedures be implemented to ensure that expenditure reports filed with funding sources are in agreement with agency's general ledger.

Current Status: The CSBG report is now being reconciled to the general ledger prior to submission.

2005-C7: REPORTABLE CONDITION

Condition: It was noted that the agency's cost allocation plan had not been updated in several years.

Recommendation: It was recommended that the agency update its cost allocation plan and follow it consistently.

Current Status: The cost allocation plan has been updated as of May 2007.

2005-C8: REPORTABLE CONDITION

Condition: It was noted that the billings for the Title XIX Medicaid Transportation Program were not submitted timely from July 2005 through December 2005.

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

Current Status: The billing for Title XIX is electronically billed on a daily basis at this time.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued – Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified that are not considered to be material weakness? None reported

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.600	Head Start/Early Head Start Program
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs:
\$300,000

Auditee qualified as low-risk auditee? No

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Section II – Financial Statement Findings

2006-1: FINDING

Criteria: Louisiana state law requires audit reports be submitted within six months of year end.

Condition: Bossier Office of Community Services did not submit its audit report for the year ended December 31, 2006 within six months of its year end as required by state law.

Context: Review of state audit law and actual completion and submission dates of the audit report confirmed that submission was late.

Effect: This causes the Agency to be out of compliance with state law.

Cause: The current years audit required extending the scope due to prior years' disclaimers and investigation and indictment of former employees.

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

Corrective Action: The agency has implemented procedures to ensure that future audits are submitted timely. These procedures included contracting with an independent accounting firm and ensuring that the audit process is started and completed in advance of the six month due date.

2006-2: MATERIAL WEAKNESS

Criteria: Fiscal responsibility requires reimbursement for expenditures to be filed timely.

Condition: Bossier Office of Community Services did not submit reimbursement requests for the Johnny Gray Jones School Lunch timely for the month of January 2006.

Effect: This resulted in the agency not being reimbursed a total of \$3,695 for the month of January 2006 for this program.

Cause: Controls were not in place to ensure that reports were submitted timely and no one was reviewing the expenditure reports to determine that requests were being submitted and reimbursements were being received.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Recommendation: We recommend that controls are implemented to ensure that all reports for reimbursement are submitted timely.

Corrective Action: This was a one time occurrence and procedures have been implemented and are being followed. All reimbursements were submitted and received for February through December 2006. A different finance director is in place now.

2006-3: MATERIAL WEAKNESS

Criteria: 45 CFR 74 requires that the Agency have controls in place to safeguard the assets of the organization.

Condition: During the year funds were transferred to an account styled "Payroll Account" in order to pay payroll, related payroll costs, retirement, medical, and reimbursement of former employees insurance.

Effect: The balance in this account varies from month to month. Therefore, any discrepancies of changing balances would seem a part of normal operations.

Cause: The submission of other funds into this account can lead to funds being used for unrelated purposes.

Recommendation: We recommend that only payroll and the related liabilities be deposited and paid from this account. We also recommend that the agency establish a fixed balance "imprest" in this account that after this account is reconciled by an individual not responsible for payroll the reconciled balance should be constant from month to month. We believe the implementation of this procedure would decrease the likelihood that funds will be diverted for other than payroll or agency expenditures without being detected.

Corrective Action: The Agency will require the payroll account to maintain a fixed balance and someone other than the person with payroll responsibility reconcile this account monthly.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Section III – Federal Award Findings and Questioned Costs

2006-4: MATERIAL WEAKNESS

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start and Early Head Start Program CFDA #93.600

DEPARTMENT OF AGRICULTURE

Child and Adult Care Food Programs CFDA #10.558

Criteria: 45 CFR 74 requires that the Agency have controls in place to safeguard the assets of the organization. (See Finding 2006-3).

Condition: During the year funds were transferred to an account styled “Payroll Account” in order to pay payroll, related payroll costs, retirement, medical, and reimbursement of former employees insurance.

Effect: The balance in this account varies from month to month. Therefore, any discrepancies of changing balances would seem a part of normal operations.

Cause: The submission of other funds into this account can lead to funds being used for unrelated purposes.

Recommendation: We recommend that only payroll and the related liabilities be deposited and paid from this account. We also recommend that the agency establish a fixed balance “imprest” in this account that after this account is reconciled by an individual not responsible for payroll the reconciled balance should be constant from month to month. We believe the implementation of this procedure would decrease the likelihood that funds will be diverted for other than payroll or agency expenditures without being detected.

Corrective Action: The Agency will require the payroll account to maintain a fixed balance and someone other than the person with payroll responsibility reconcile this account monthly.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
COMBINING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS	Head Start and Early Head Start	Child and Adult Care Food	CSBG	LJHEAP	Transit Services	Youth Shelter Juvenile Home	School Lunch	Family Day Care Home	Weatherization Assistance	JGYS General Services	General Fund	Permanently Restricted Fixed Assets	2005 BALANCE		
													2006 BALANCE	2005 BALANCE	
Current Assets															
Cash	\$ 44,524	\$ -	\$ 21,073	\$ 11,216	\$ 8,532	\$ -	\$ 406	\$ 4,433	\$ 567	\$ 6,063	\$ 43,350	\$ -	\$ 140,165	\$ 195,001	
Grants receivable	-	50,627	-	-	-	-	4,067	-	-	17,364	-	-	72,058	413,636	
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	54,008	
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Insurance claim	-	-	-	-	-	-	-	-	-	-	100,000	-	100,000	-	
Total current assets	44,524	50,627	21,073	11,216	8,532	-	4,473	4,433	567	23,427	143,350	-	312,223	662,645	
Furniture and equipment															
Vehicles	-	-	-	-	-	-	-	-	-	-	-	258,258	258,258	288,098	
Buildings	-	-	-	-	-	-	-	-	-	-	-	848,637	848,637	848,637	
Land	-	-	-	-	-	-	-	-	-	-	-	928,858	928,858	928,858	
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	35,966	35,966	35,966	
Net property and equipment	-	-	-	-	-	-	-	-	-	-	-	(1,423,861)	(1,423,861)	(1,304,462)	
												647,858	647,858	797,097	
Total Assets	44,524	50,627	21,073	11,216	8,532	-	4,473	4,433	567	23,427	143,350	647,858	960,081	1,459,742	
Liabilities and Net Assets															
Current Liabilities															
Accounts payable	44,524	50,627	9,987	4,971	8,532	-	4,473	4,433	567	23,427	10,657	-	162,198	280,078	
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	985,652	
IRS payables	-	-	-	-	-	-	-	-	-	-	1,000,921	-	1,000,921	-	
Current portion of long term	-	-	-	-	-	-	-	-	-	-	3,916	-	3,916	3,598	
Refundable advance	-	-	-	-	-	-	-	-	-	-	-	-	-	51,198	
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	2,578	
Total	44,524	50,627	9,987	4,971	8,532	-	4,473	4,433	567	23,427	1,015,494	-	1,167,035	1,323,104	
Long term portion of debt															
	-	-	-	-	-	-	-	-	-	-	1,660	-	1,660	5,059	
Total liabilities	44,524	50,627	9,987	4,971	8,532	-	4,473	4,433	567	23,427	1,017,154	-	1,168,695	1,328,163	
Net assets:															
Unrestricted	-	-	-	-	-	-	-	-	-	-	(873,804)	-	(873,804)	(656,861)	
Temporarily restricted	-	-	11,086	6,245	-	-	-	-	-	-	17,331	-	17,331	788,440	
Permanently restricted	-	-	-	-	-	-	-	-	-	-	647,858	647,858	647,858	788,440	
Total net assets	-	-	11,086	6,245	-	-	-	-	-	-	(873,804)	647,858	(208,614)	131,579	
Total liabilities and net assets	\$ 44,524	\$ 50,627	\$ 21,073	\$ 11,216	\$ 8,532	\$ -	\$ 4,473	\$ 4,433	\$ 567	\$ 23,427	\$ 143,350	\$ 647,858	\$ 960,081	\$ 1,459,742	

BOSSER OFFICE OF COMMUNITY SERVICES, INC.
COMBINING STATEMENTS OF ACTIVITIES
YEARS ENDING DECEMBER 31, 2006

	Head Start and Early Head Start	Child and Adult Care Food	CSBG	LIBRARY	State Juvenile Home	School Lunch	Family Day Care Home	FEMA	SDBG	Weatherization Assistance	Non Emergency Medical Transportation	JCYS General Services	General Fund	Permanently Restricted Fixed Assets	2006		2005 Total
															Total	Total	
Revenues:																	
Grant & Support Interest	2,705,690.57	307,016.20	227,541.19	39,609.81	495,491.66	43,106.21	247,148.85	17,136.00	4,418.38	88,955.99	33,766.77	585,609.45	-	-	4,795,291.08	7,208,487.00	
Grant revenues	-	-	-	-	-	-	-	-	-	-	-	-	118,232.43	-	118,232.43	190,984.00	
CDBG	-	-	-	-	-	-	-	-	-	-	-	-	100,000.00	-	100,000.00	-	
Local	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Insurance claim	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Assets Released	2,705,690.57	307,016.20	227,541.19	39,609.81	495,491.66	43,106.21	247,148.85	17,136.00	4,418.38	88,955.99	33,766.77	585,609.45	218,232.43	-	5,013,523.51	7,399,471.00	
Program Restriction	(2,705,690.57)	(307,016.20)	(216,454.83)	(33,365.00)	(495,491.66)	(43,106.21)	(247,148.85)	(17,136.00)	(4,418.38)	(88,955.99)	(33,766.77)	(585,609.45)	4,777,959.91	-	-	-	
Note payment	-	-	-	-	-	-	-	-	-	-	-	-	142,459.00	-	-	-	
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	(142,459.00)	-	-	-	
Expenditure	(2,705,690.57)	(307,016.20)	(216,454.83)	(33,365.00)	(495,491.66)	(43,106.21)	(247,148.85)	(17,136.00)	(4,418.38)	(88,955.99)	(33,766.77)	(585,609.45)	4,920,418.91	-	-	-	
Total	-	-	11,086.36	6,244.81	-	0.00	0.00	-	-	-	-	-	5,138,651.34	(142,459.00)	5,013,523.51	7,399,471.00	
Expenses:																	
HS & EHS	-	-	-	-	-	-	-	-	-	-	-	-	2,827,628.57	-	2,827,628.57	2,966,291.00	
CACFP	-	-	-	-	-	-	-	-	-	-	-	-	307,016.20	-	307,016.20	427,479.00	
CSBG	-	-	-	-	-	-	-	-	-	-	-	-	216,948.83	-	216,948.83	270,527.00	
Energy	-	-	-	-	-	-	-	-	-	-	-	-	34,057.75	-	34,057.75	349,129.00	
NEMT	-	-	-	-	-	-	-	-	-	-	-	-	33,767.17	-	33,767.17	84,667.00	
Youth Shelter	-	-	-	-	-	-	-	-	-	-	-	-	495,491.31	-	495,491.31	1,375,908.00	
OCS Youth	-	-	-	-	-	-	-	-	-	-	-	-	604,591.44	-	604,591.44	-	
School Lunch	-	-	-	-	-	-	-	-	-	-	-	-	43,105.69	-	43,105.69	138,267.00	
FDCH	-	-	-	-	-	-	-	-	-	-	-	-	247,281.26	-	247,281.26	1,038,327.00	
FEMA	-	-	-	-	-	-	-	-	-	-	-	-	17,136.00	-	17,136.00	-	
CDBG	-	-	-	-	-	-	-	-	-	-	-	-	4,418.38	-	4,418.38	-	
Weatherization	-	-	-	-	-	-	-	-	-	-	-	-	88,956.00	-	88,956.00	678,455.00	
General Services	-	-	-	-	-	-	-	-	-	-	-	-	426,517.34	-	426,517.34	411,204.00	
Total	-	-	11,086.36	6,244.81	-	0.00	0.00	-	-	-	-	-	5,346,935.94	-	5,346,935.94	7,760,224.00	
Changes in net asset	-	-	11,086.36	6,244.81	-	0.00	0.00	-	-	-	-	-	(208,284.60)	(142,459.00)	(334,124.47)	(560,763.00)	
Beginning Net Ass	745,494.00	(18,626.00)	514.00	691.00	-	(50,272.00)	132.00	-	-	6,780.00	(31,988.00)	(30,075.00)	(511,015.00)	-	131,579.00	(646,461.00)	
Transfer out	(744,434.00)	-	(514.00)	(691.00)	-	-	(132.00)	-	-	(6,780.00)	31,988.00	30,075.00	-	258,553.00	-	-	
Transfer in	18,626.00	-	-	-	-	30,272.00	-	-	-	-	-	-	(110,961.00)	(6,780.00)	(10,961.00)	-	
Assets Returned	-	-	-	-	-	-	-	-	-	-	-	-	(110,961.00)	(6,780.00)	(10,961.00)	-	
Permanently	-	-	-	-	-	-	-	-	-	-	-	-	(6,780.00)	-	(6,780.00)	-	
Ending Net Assets	-	-	11,086.36	6,145.81	-	0.00	0.00	-	-	-	-	-	(600,261.50)	604,314.50	(208,613.50)	131,579.00	