

**Delta Community Action Association, Inc.
Tallulah, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2017 and 2016

Delta Community Action Association, Inc.
Tallulah, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 10
Combining Schedules:	
Combining Schedule of Financial Position	11
Combining Schedule of Activities	12
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	13
Schedule of Expenditures of Federal Awards	14
Notes to the Schedule of Expenditures of Federal Awards	15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16 – 17
Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By The Uniform Guidance	18 - 19
Summary Schedule of Prior Audit Findings	20
Schedule of Findings and Questioned Costs	20
Schedule of Audit Findings for Louisiana Legislative Auditor	21

COOK & MOREHART

Certified Public Accountants

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Community Action Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Community Action Association, Inc., as of June 30, 2017, and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, on pages 14 - 15, as required by Title 2 U.S. *Code of Federal Regulations* (CRF) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplemental combining schedules on pages 11 and 12 are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the supplemental combining schedules, and the other supplementary information are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of Delta Community Action Association, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delta Community Action Association, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 27, 2017

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Financial Position
June 30, 2017 and 2016

Assets	2017	2016
Current assets:		
Cash	\$ 319,061	\$ 321,922
Grant receivables	194,496	477,010
Total current assets	513,557	798,932
Property and Equipment:		
Property and equipment	2,730,993	2,751,680
Accumulated depreciation	(2,407,655)	(2,377,356)
Total property and equipment	323,338	374,324
 Total Assets	 \$ 836,895	 \$ 1,173,256
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 130,574	\$ 401,482
Accrued liabilities	140,216	150,712
Refundable advances	7,662	13,926
Total current liabilities	278,452	566,120
Net assets:		
Unrestricted:		
Operating	133,484	133,972
Designated	101,621	98,840
Fixed assets	323,338	374,324
Total net assets	558,443	607,136
 Total Liabilities and Net Assets	 \$ 836,895	 \$ 1,173,256

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	Unrestricted	
	2017	2016
Revenues and Other Support:		
Contractual revenue - grants	\$ 5,880,907	\$ 5,932,763
Miscellaneous revenues	294	1,896
Total revenues and other support	5,881,201	5,934,659
Expenses:		
Program expenses		
Head Start and Early Head Start programs	3,632,705	3,635,178
Child care food program	386,080	383,027
Community services block grant	115,259	76,351
Home energy assistance	363,616	247,010
Family day care services	741,299	802,325
Delta recovery program	65,635	91,972
Early childhood network	9,781	31,285
General and Administrative expenses	615,519	627,664
Total expenses	5,929,894	5,894,812
Changes in net assets	(48,693)	39,847
Net assets as of beginning of year	607,136	567,289
Net assets as of end of year	\$ 558,443	\$ 607,136

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating activities		
Changes in net assets	\$ (48,693)	\$ 39,847
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	72,298	63,200
(Increase) decrease in operating assets:		
Grant receivables	282,514	(185,307)
Increase (decrease) in operating liabilities:		
Accounts payable	(182,455)	97,326
Accrued liabilities	(10,496)	6,114
Refundable advances	(6,264)	(3,855)
Net cash provided by operating activities	<u>106,904</u>	<u>17,325</u>
Investing activities		
Payments for property and equipment	<u>(21,312)</u>	<u>(3,254)</u>
Net cash (used in) investing activities	<u>(21,312)</u>	<u>(3,254)</u>
Financing activities		
Payment of short-term trade account used to finance equipment acquisition	<u>(88,453)</u>	<u>(4,897)</u>
Net cash (used in) financing activities	<u>(88,453)</u>	<u>(4,897)</u>
Net increase (decrease) in cash	(2,861)	9,174
Cash as of beginning of year	<u>321,922</u>	<u>312,748</u>
Cash as of end of year	<u>\$ 319,061</u>	<u>\$ 321,922</u>
Supplemental disclosure		
Non-cash investing and financing activities:		
Acquisition of equipment		
Cost of equipment	\$	\$ 91,706
Trade account payable		<u>(88,452)</u>
Cash down payment for equipment	<u>\$</u>	<u>\$ 3,254</u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

Head Start and Early Head Start Program (69%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child Care Food Program (6%) – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds from USDA passed through the Louisiana Department of Education.

Community Services Block Grant (2%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

Home Energy Assistance (7%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

Family Day Care Services (14%) – Provides a food service program for children in private nonprofit centers of approximately 124 homes. Funding is provided by federal funds passed through the Louisiana Department of Education.

Delta Recovery Program (1%) – Provides substance abuse treatment and education for eligible participants. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse.

Early Childhood Network (1%) – Provides technology support to prepare our youngest learners for kindergarten. Funding is provided by federal funds passed through the Louisiana Department of Education.

B. Basis of Accounting

The financial statements of Delta have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, 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.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

D. Income Tax Status

Delta is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Delta's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 2017 and 2016. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2014, 2015, 2016, and 2017 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

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

F. Cash and Cash Equivalents

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

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. Delta has adopted a policy to capitalize all items with a unit cost of \$1,000 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. Functional Allocation of Expenses

The costs of providing the 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.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Delta to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2017 and 2016, Delta had no significant concentrations of credit risk in relation to grant receivables.

Delta maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2017, total cash balances held at financial institutions was \$675,771. Of this amount, \$610,188 was insured by FDIC, and the remaining \$65,583 was not secured. At June 30, 2016, total cash balances held at financial institutions was \$384,308; this amount was fully insured by FDIC.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2017 and 2016, but received after those dates.

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2017:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Land	N/A	\$	\$ 15,000	\$ 15,000
Buildings	7-20 years	590,449	-	590,449
Leasehold improvement	7-20 years	249,277	-	249,277
Furniture and equipment	5-10 years	540,282	-	540,282
Vehicles	5 years	1,186,194	-	1,186,194
Assets not in operation		149,791	-	149,791
Accumulated depreciation		<u>(2,407,655)</u>	<u>-</u>	<u>(2,407,655)</u>
Net investment in property and equipment		<u>\$ 308,338</u>	<u>\$ 15,000</u>	<u>\$ 323,338</u>

Depreciation expense for the year ended June 30, 2017 was \$72,298.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

Property and equipment consisted of the following at June 30, 2016:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Land	N/A	\$	\$ 15,000	\$ 15,000
Buildings	7–20 years	589,931	–	589,931
Leasehold improvement	7–20 years	246,447	–	246,447
Furniture and equipment	5–10 years	564,317	–	564,317
Vehicles	5 years	1,186,194	–	1,186,194
Assets not in operation		149,791	–	149,791
Accumulated depreciation		<u>(2,377,356)</u>	<u>–</u>	<u>(2,377,356)</u>
Net investment in property and equipment		<u>\$ 359,324</u>	<u>\$ 15,000</u>	<u>\$ 374,324</u>

Depreciation expense for the year ended June 30, 2016 was \$63,200.

(5) Refundable Advances

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

(6) Contractual Revenue – Grants

During the years ended June 30, 2017 and 2016, Delta received contractual revenue from federal and state grants in the amount of \$5,880,907 and \$5,932,763, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(7) Retirement Plan

Delta participates in a tax deferred annuity 403(b) plan whereby an amount equal to 5% of the salary of eligible employees is contributed to purchase annuity contracts with an insurance company. The annuities are in the employee's name upon funding. The amount contributed for the years ended June 30, 2017 and 2016 was \$58,100 and \$60,844, respectively.

(8) Accrued Liabilities

Accrued liabilities consisted of the following:

	2017	2016
Accrued leave payable	\$ 106,398	\$ 91,398
Payroll taxes payable	33,818	59,314
	<u>\$ 140,216</u>	<u>\$ 150,712</u>

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

(9) Leases

Delta leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Buildings	\$ 58,303	\$ 60,603
Equipment	11,332	11,086
	\$ 69,635	\$ 71,689

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

For the Year Ending June 30,	
2018	\$ 20,702
2019	201
Total minimum future rentals	\$ 20,903

(10) Subsequent events

Subsequent events have been evaluated through December 27, 2017, the date the financial statements were available to be issued.

(11) Designated Net Assets

Designated net assets at June 30, 2017 consisted of \$39,460 for use within the Low-Income Home Energy Assistance Program, \$48,736 for use within the Child Care Food Program, and \$13,425 for use within the Family Day Care Home Program. Designated net assets at June 30, 2016 consisted of \$37,937 for use within the Low-Income Home Energy Assistance Program, \$52,518 for use within the Child Care Food Program, and \$8,385 for use within the Family Day Care Home Program.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Financial Position
June 30, 2017

Assets	Head Start and Early Head Start Programs	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Early Childhood Network	General Services	Total
Current assets:									
Cash	\$ 19,957	\$ 47,749	\$ 7,278	\$ 40,683	\$ 32,595	\$ 7,662	\$ 2,085	\$ 161,052	\$ 319,061
Grant receivables	127,514	3,453	4,977	1,616	51,177		5,759		194,496
Due from other funds								10,000	10,000
Total current assets	<u>147,471</u>	<u>51,202</u>	<u>12,255</u>	<u>42,299</u>	<u>83,772</u>	<u>7,662</u>	<u>7,844</u>	<u>171,052</u>	<u>523,557</u>
Property and equipment:									
Property and equipment	2,712,142		17,142		1,190	519			2,730,993
Accumulated depreciation	(2,388,804)		(17,142)		(1,190)	(519)			(2,407,655)
Total property & equipment	<u>323,338</u>								<u>323,338</u>
Total Assets	<u>\$ 470,809</u>	<u>\$ 51,202</u>	<u>\$ 12,255</u>	<u>\$ 42,299</u>	<u>\$ 83,772</u>	<u>\$ 7,662</u>	<u>\$ 7,844</u>	<u>\$ 171,052</u>	<u>\$ 846,895</u>
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 60,725	\$ 2,022	\$ 1,980	\$ 500	\$ 63,753	\$	\$	\$ 1,594	\$ 130,574
Accrued liabilities	86,746	444	10,275	2,339	6,594			33,818	140,216
Due to other funds							10,000		10,000
Refundable advances						7,662			7,662
Total current liabilities	<u>147,471</u>	<u>2,466</u>	<u>12,255</u>	<u>2,839</u>	<u>70,347</u>	<u>7,662</u>	<u>10,000</u>	<u>35,412</u>	<u>288,452</u>
Net assets:									
Unrestricted:									
Operating							(2,156)	135,640	133,484
Designated		48,736		39,460	13,425				101,621
Fixed assets	323,338								323,338
Total net assets	<u>323,338</u>	<u>48,736</u>		<u>39,460</u>	<u>13,425</u>		<u>(2,156)</u>	<u>135,640</u>	<u>558,443</u>
Total Liabilities and Net Assets	<u>\$ 470,809</u>	<u>\$ 51,202</u>	<u>\$ 12,255</u>	<u>\$ 42,299</u>	<u>\$ 83,772</u>	<u>\$ 7,662</u>	<u>\$ 7,844</u>	<u>\$ 171,052</u>	<u>\$ 846,895</u>

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2017

	Head Start and Early Head Start Programs	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Early Childhood Network	General Services	Total
Revenues and Other Support:									
Contractual revenue - grants	\$ 4,056,134	\$ 382,298	\$ 162,372	\$ 397,962	\$ 793,967	\$ 78,674	\$ 9,500	\$	\$ 5,880,907
Miscellaneous revenue				57				237	294
Total revenues and other support	4,056,134	382,298	162,372	398,019	793,967	78,674	9,500	237	5,881,201
Expenses									
Program									
Salaries	2,068,884	139,362	79,556		27,754	33,860			2,349,416
Fringe benefits	546,643	47,296	18,400		16,205	5,001			633,545
Travel	5,657		2,415		6,225				14,297
Equipment	8,923				1,777				10,700
Occupancy	243,002	3,904			2,753	8,207			257,866
Telephone and postage	76,766				4,178	4,722			85,666
Insurance	51,854		2,000		484	2,154			56,492
Vehicle operation	91,018								91,018
Supplies	159,208	1,621			2,230	2,276	3,331		168,666
Professional services	99,082					2,500	3,767		105,349
Food and related supplies	87,256	193,857							281,113
Miscellaneous	136,574	40	12,888		2,134	6,915	1,782		160,333
Client assistance payments				363,616	677,559		901		1,042,076
Depreciation	57,838								57,838
Total program	3,632,705	386,080	115,259	363,616	741,299	65,635	9,781		5,314,375
General and Administrative									
Salaries	294,409		24,130	16,357	41,630	9,550			386,076
Fringe benefits	79,139		6,642		3,087	2,730			91,598
Travel			1,605		469				2,074
Equipment					113				113
Supplies	41,705		7,912		117	759			50,493
Professional services	22,795		2,750		1,601				27,146
Occupancy	15,670		915		176				16,761
Telephone and postage	4,040		1,243		267			258	5,808
Insurance	1,195		152		31				1,378
Miscellaneous	1,002		1,764	16,523	137			186	19,612
Depreciation	14,460								14,460
Total general and administrative	474,415		47,113	32,880	47,628	13,039		444	615,519
Total expenses	4,107,120	386,080	162,372	396,496	788,927	78,674	9,781	444	5,929,894
Change in net assets	(50,986)	(3,782)		1,523	5,040		(281)	(207)	(48,693)
Net assets, beginning of year	374,324	52,518		37,937	8,385		(1,875)	135,847	607,136
Net assets, end of year	\$ 323,338	\$ 48,736	\$	\$ 39,460	\$ 13,425	\$	\$ (2,156)	\$ 135,640	\$ 558,443

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head: Carl Smith, Executive Director

<u>Purpose</u>	<u>Amount Paid with Federal Funds</u>
Salary	\$ 82,453
Benefits - retirement	4,123
Registration fees	755

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>J.S. Department of Health and Human Services</u>				
Direct Program:				
Head Start (Fy 06-30-17)	93.600	06CH010086-02	\$	\$ 4,056,133
Passed through Louisiana Workforce Commission Community Services Block Grant	93.569	2016N0038		160,522
Passed through Louisiana Housing Corporation Home Energy Assistance Program - Energy	93.568	Unknown		396,496
Passed through Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse Delta Recovery Center (Fy 06-30-17)	93.959	2000195093		66,744
Passed through Louisiana Department of Health and Hospitals, Office of Behavioral Health Synar Initiative (Fy 06-30-17)	93.959	Unknown		5,095
Passed through the Louisiana Department of Education Child Care Development Block Grant - Madison PreK (Fy 6-30-17)	93.575	Unknown		5,601
Total Department of Health and Human Services			<u> </u>	<u>4,690,591</u>
<u>U.S. Department of Agriculture</u>				
Passed through Louisiana Department of Education				
Child and Adult Care Food Program (Head Start) (Fy 09-30-16)	10.558	Unknown		86,655
Child and Adult Care Food Program (Head Start) (Fy 09-30-17)	10.558	Unknown		299,425
Child and Adult Care Food Program (FDCH) (Fy 09-30-16)	10.558	Unknown		219,464
Child and Adult Care Food Program (FDCH) (Fy 09-30-17)	10.558	Unknown		569,463
Total Department of Agriculture			<u> </u>	<u>1,175,007</u>
 Total federal expenditures			<u>\$</u>	<u>\$ 5,865,598</u>

See accompanying notes to the schedule of expenditures of federal awards.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Delta Community Action Association, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Delta Community Action Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Delta Community Action Association, Inc.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) Delta Community Action Association Inc. does not utilize an indirect cost rate.

COOK & MOREHART

Certified Public Accountants

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

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

Independent Auditors' Report

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

We have audited, in accordance with the 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, the financial statements of Delta Community Action Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delta Community Action Association, Inc.'s, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delta Community Action Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Delta Community Action Association, Inc.'s internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

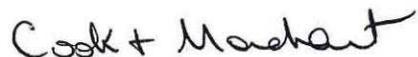
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta Community Action Association, Inc.'s financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 27, 2017

COOK & MOREHART

Certified Public Accountants

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited Delta Community Action Association, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Delta Community Action Association, Inc.'s major federal program for the year ended June 30, 2017. Delta Community Action Association, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Delta Community Action Association, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delta Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Delta Community Action Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Delta Community Action Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

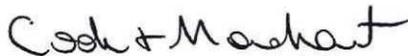
Report on Internal Control Over Compliance

Management of Delta Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Delta Community Action Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 Delta Community Action Association, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 27, 2017

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2017

There were no findings or questioned cost for the prior year audit ending June 30, 2016.

Schedule of Findings and Questioned Costs
June 30, 2017

A. Summary of Audit Results

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : _____ yes √ no
Significant deficiencies identified : _____ yes √ none reported

Noncompliance material to financial
statements noted :

_____ yes √ no

Federal Awards

Internal control over major programs :

Material weaknesses identified : _____ yes √ no
Significant deficiencies identified : _____ yes √ none reported

Type of auditors' report issued on compliance
for major federal programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR section
200.516(a)

_____ yes √ no

Identification of major federal programs :

CFDA# 93.600 - Head Start Program
CFDA# 10.558 - Child and Adult Care Food Program (FDCH and Head Start)

Dollar threshold used to distinguish between
type A and type B programs : \$750,000

Auditee qualified as low risk : _____ yes √ no

B. Findings – Financial Statements Audit: None

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Audit Findings for Louisiana Legislative Auditor
June 30, 2017

Summary Schedule of Prior Audit Findings

There were no findings for the prior year ended June 30, 2016..

Corrective Action Plan for Current Year Audit Findings

There are no current year findings for the year ended June 30, 2017.

COOK & MOREHART

Certified Public Accountants

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

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the Delta Community Action Association, Inc. (a nonprofit organization), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Delta Community Action Association, Inc.'s (Delta) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- Delta provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board of Directors of the Delta met in accordance with the agency's bylaws.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes of the Board of Directors of Delta did reference a review of monthly budget-to-actual comparisons.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes of the Board of Directors of Delta did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each month.
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations contained evidence that a member of management reviewed and approved the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management researched outstanding items that were more than 6 months old.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash is bonded; not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account; and not required to share the same cash register or drawer with another employee, except as noted below.

Exception For one of the agency's collection locations, the same employee is responsible for the collection, depositing, and preparing the bank reconciliations.

Management's Response: That program is a minor program that is no longer being administered by Delta Community Action.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Delta has written procedures to reconcile cash collections to the general ledger by a person not responsible for collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

For the week selected, deposits were processed within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

For the week selected, daily cash collections were completely supported by collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Delta has written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source by a person not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the requested information, along with management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Purchase orders are required by entity policy for all transactions. For the transactions tested, purchases were initiated using a requisition/purchase order system that separates initiation from approval functions. Purchase orders were approved by a person who did not initiate the purchase. Payments for purchases were not processed without an approved purchase order, a receiving report (if applicable), and an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Delta's policy is that new vendors can only be added to the purchasing/disbursement system by the Human Resources/Inventory Clerk, and approved by the Finance Manager and Executive Director. The Finance Manager and the Executive Director are not responsible for processing payments.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Delta does use a signature machine. Access to the signature machine is restricted to those who have signatory authority. After checks are signed they are given to the Administrative Assistant who does not have signatory authority for mailing.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges or late fees assessed on the cards selected for testing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The business purpose was documented for purchases on the cards selected for testing. The charges for meals on the selected cards contained documentation of the business purpose and the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation is required by Delta's written credit card policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested to the agency's written policies. There were no exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Delta's documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Amounts in agency's policies for per diem and mileage did not exceed rates established by the GSA.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursements selected were supported with documentation in accordance with Delta's written policies.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense selected was supported by an itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The business purpose was documented on each invoice selected for testing.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation was required.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Delta's documentation met the requirements of Article 7, Section 14.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Of all five of the contract vendors selected for testing, there were formal, written contracts supporting the services arrangement and the amounts paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

For the contracts selected, there was evidence that quotes were obtained except as noted below.

Exception: For three of the five contracts tested, the client did not solicit quotes.

Managements Response: Delta Community Action Association will attempt to solicit quotes when feasible and practical. Delta CAA will follow all funding source guidelines when it comes to procurement.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected for testing were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Delta's policy does not require that contracts are approved by the board.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Payment was made in accordance with the terms of the approved pay rates.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes to pay rates/ salaries were approved in writing in accordance with Delta's written policies.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

For the transactions selected for testing, the daily attendance and leave were documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

For the transactions selected for testing, Delta maintained written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Management provided the requested information, along with management's representation that the listing is complete. For the two transactions selected for testing, the termination benefits were made in accordance with Delta's written procedures.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable to nonprofit organizations.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not applicable to nonprofit organizations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable to nonprofit organizations.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable to nonprofit organizations.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable to nonprofit organizations.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity has posted on its premises the notice required by R.S. 24:523.1.

Exception: The notice is not posted on Delta's website.

Management's Response: DCAA's website is currently limited to what it can post. DCAA is currently looking into upgrading its website to handle larger quantities of postings.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We have not observed or identified any exceptions regarding management's representations in the above procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart
Certified Public Accountants
December 28, 2017