

**NEW HORIZONS YOUTH SERVICE BUREAU**  
 As of and for the Year Ended June 30, 1988  
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Under provisions of state law, this report is a public document. A copy of this report has been referred to the auditor, or referred, as the case may be, to the public officials. The report is available to public employees of the State Police, officers of the legislative branch and, where appropriate, to the public at the public block of court.

ANTHONY E. BAGLIO CPA  
A PROFESSIONAL ACCOUNTING CORPORATION  
2811 Ken Simon  
Hammond, Louisiana 70401  
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INDEPENDENT AUDITORS' REPORT

Board of Directors  
New Horizons Youth Service Bureau  
4727 River Road  
Hammond, Louisiana 70403

I have audited the accompanying statement of financial position of New Horizons Youth Service Bureau (a nonprofit organization) as of June 30, 1998, and the related statement of activities, statement of support, revenues and functional expenses by programs and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1 Disclosures about Year 2000 Issues, requires disclosures of certain matters regarding the year 2000 issue. The New Horizons Youth Service Bureau has included such disclosures in Note 9. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the New Horizons Youth Service Bureau's disclosures with respect to the year 2000 issue made in Note 9. Further, I do not provide assurance that New Horizons Youth Service Bureau is or will be year 2000 ready, that the Organization year 2000 remediation efforts will be successful in whole or in part, or that agencies that fund New Horizons Youth Service Bureau will be year 2000 ready.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding year 2000 disclosures, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons Youth Service Bureau as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 14, 1998, on my consideration of New Horizons Youth Service Bureau's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulation, contracts, and grants.

NEW HORIZONS YOUTH SERVICE BUREAU  
Independent Auditor's Report Continued

My audit was performed for the purpose of forming an opinion on the basic financial statements of New Horizons Youth Service Bureau 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, *Audit 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Hammond, Louisiana  
November 14, 1988

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1988**

**ASSETS:**

**Current Assets**

Cash and cash equivalents	\$ 34,593
Grants and other receivables	<u>112,488</u>

Total Current Assets 147,081

**Property, Plant, and Equipment**

Land	25,808
Buildings	76,884
Office & other equipment	7,428
Transportation equipment	<u>3,325</u>

Total Property, Plant, and Equipment 113,445

Less: Accumulated depreciation	<u>(24,133)</u>
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Total Property, Plant, and Equipment 89,312

**Other Assets**

Prepaid expenses	600
Worker's compensation deposit	<u>2,858</u>

3,458

**Total Assets** \$ 239,849

**LIABILITIES AND NET ASSETS:**

**Current Liabilities**

Accounts payable	1,440
Accrued annual leave	21,865
Payroll taxes payable	1,864
Current portions of long-term debt	1,890
Lines of credit	<u>92,968</u>

Total Current Liabilities 120,027

Long-Term Debt, less current portion 8,102

Total Liabilities 128,129

**Net Assets**

Temporarily restricted	<u>92,084</u>
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Total Net Assets 92,084

**Total Liabilities and Net Assets** \$ 239,849

See accompanying notes to financial statements

**NEW HORIZONS YOUTH SERVICE BUREAU  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1998**

<b>SUPPORT AND REVENUE</b>	<b>Temporarily Restricted</b>
Grants and contracts	\$ 1,211,217
Fees from governmental and local agencies	84,486
Fund raising	18,295
Contributions	5,732
Miscellaneous	1,818
Interest	<u>1,652</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b><u>1,343,800</u></b>
<b>EXPENSES</b>	
Program services	
Local	38,259
Emergency & Homeless Youth Act	121,287
Mexican Home Statute	588,902
Training	5,081
Pathways	165,182
Mental Health	129,190
Second Step	57,566
Counseling	88,178
Fees	12,598
Food to Feed	<u>122,428</u>
<b>TOTAL PROGRAM EXPENSES</b>	<b><u>1,288,983</u></b>
 <b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	 <b>54,817</b>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <b><u>36,367</u></b>
 <b>NET ASSETS AT END OF YEAR</b>	 <b><u>\$ 91,184</u></b>

See accompanying notes to financial statements





**NEW HORIZONS YOUTH SERVICE BUREAU  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 1998**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase in net assets	\$ 10,677
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,347
Increase (decrease) in operating assets:	
Accounts receivable	(88,780)
Prepaid expenses	(154)
Increase (decrease) in operating liabilities:	
Accounts payable	(154)
Accrued vacation	(3,000)
Other accrued expenses	698
	<u>          </u>
Net cash provided by operating activities	<u>\$ 12,983</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases for property and equipment	<u>(2,000)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from short-term debt	19,543
Repayment of long-term debt	(1,890)
Repayment of short-term debt	<u>(15,000)</u>
	<u>          </u>
Net cash provided by financing activities	<u>2,653</u>
Net decrease in cash and cash equivalents	(1,334)
Cash and cash equivalents - Beginning of year	<u>36,311</u>
Cash and cash equivalents - End of year	<u>\$ 34,977</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:	
Interest	<u>\$ 31,784</u>



NEW HORIZONS YOUTH SERVICE BUREAU  
Notes to Financial Statements  
Year ended June 30, 1988

1. NATURE OF ACTIVITIES AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES

The New Horizons Youth Service Bureau is a nonprofit organization which is governed by a board of directors. The Agency was formed in August 1976 as the Tangipahoa Youth Service Bureau to provide local resources for youth and families as a means to prevent juvenile delinquency. The Agency is funded mainly through a combination of state and federal grants. They also receive funds from the United Way, local fund raising activities, and donations from civic clubs, churches, and individuals.

A. FINANCIAL STATEMENT PRESENTATION

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization has discontinued its use of fund accounting.

B. CONTRIBUTIONS

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

C. BAISIS OF ACCOUNTING

The accompanying financial statements of New Horizons Youth Service Bureau are being presented on the annual basis of accounting as follows:

Revenues

New Horizons Youth Service Bureau receives a substantial portion of its revenues from grants. Revenues from grants are reported in the period in which the revenues are earned. All other revenues are recorded when received.

Expenditures

Expenditures are recorded in the period they are incurred.

NEW HORIZONS YOUTH SERVICE BUREAU  
Notes to Financial Statements (Continued)  
Year Ended June 30, 1998

**D. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes demand deposits and interest bearing demand deposits. Cash also includes amounts in the petty cash fund. Cash and cash equivalents are stated at cost, which approximates market, and are insured through the Federal Deposit Insurance Corp. (FDIC).

**E. PROPERTY, PLANT AND EQUIPMENT**

Property and equipment are carried at cost. Donations of property and equipment are recorded at support at their estimated fair market value. Property and equipment are depreciated using the straight-line method at rates based on the following estimated useful lives:

Buildings	31 1/2	years
Computers	5	years
Vehicle	5	years
Equipment	7	years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of an asset, the cost of the asset and the related resulting gain or loss is included in the statement of income. Depreciation expense for the year ending June 30, 1998 is \$3,547.

Equipment purchases which are considered to be owned by the grantor agency are recorded on the books as an acquisition expense. Equipment purchases during the fiscal year ending June 30, 1998 recorded an acquisition expense totaled \$15,563. Since June 30, 1995, the Organization has used approximately \$28,312 of equipment which is considered owned by the grantor agencies.

**F. 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.

**G. 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. Accordingly, actual results could differ from those estimates.

**NEW HORIZONS YOUTH SERVICE BUREAU**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 1998

**II. INCOME TAXES**

New Horizons Youth Service Bureau is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Therefore, no provision for income taxes is made in the accompanying financial statements.

**I. VACATION AND SICK LEAVE**

Full time employees earn vacation days on the following scale:

Year	Per Year	Per Month	Per Hour
1 <sup>st</sup> year	10 days	.84	8.72 hrs
2 <sup>nd</sup> year	12 days	1.00	10.00 hrs
3 <sup>rd</sup> year	13 days	1.15	10.00 hrs
4 <sup>th</sup> year	14 days	1.34	10.72 hrs
5 <sup>th</sup> year	15 days	1.42	11.56 hrs
6 <sup>th</sup> year	16 days	1.50	12.00 hrs
7 <sup>th</sup> year	17 days	1.59	12.80 hrs
8 <sup>th</sup> year	18 days	1.67	13.56 hrs

No more than 10 days of accrued vacation may be carried over to the following year; exceptions must be expressed by written approval from the Executive Director. Any unused accrued annual leave is paid on an employee's termination.

All full time employees earn 1 day of sick leave per month. No more than 15 days can be accrued at one time. If no sick days are used for four months, the fourth month sick day earned can be converted into a well day. A well day is to be used as a personal leave day. This well day must be used within the month earned and cannot be accrued as a well day. If the well day is not taken, it can be accrued as a sick day. Any unused sick leave is forfeited upon termination. Therefore, no accruals for sick leave are reflected in these financial statements.

All full time employees will be given up to 2 days of paid funeral leave, if the scheduling of the wake and/or funeral finds it necessary for them to be absent from work. This is applicable only for the loss of a member of the immediate family (spouse, children, parents, grandparents, brother and sister). Other special circumstances can be arranged at the discretion of the Executive Director.

**2. SUMMARY OF REVENUE PERFORMANCE TARGETS FOR 2010**

(Item 1 supports) Each financial forecast was primarily funded through the following grants, fees and contributions for fiscal year 1, 2011 through June 30, 2010:

Funding Source	Grant Conf. Number	Fiscal Year Period	Budget Available	Recognized Grants/Contracts	Recognized Fees	Total Support And Revenues	Program
Department of Health and Human Services	907010-0102	09/01/09-08/31/10	60,000	100,000		60,000	Program 1, Revenue Trust A1
	Temporary Grant Fund	09/01/09-08/31/10	0,000	0,000	0,000	0,000	Fellowship
	Lebanon Department of Public Safety & Corrections	09/01/09-08/31/10	300,000	300,000		300,000	Revenue Trust
Lebanon Department of Public Safety & Corrections	083-0000	09/01/09-08/31/10	100,000	100,000		100,000	Fellowship
	Office of Community Services				00,000	00,000	Fellowship 50%
	Office of Community Services	070-0004	09/01/09-08/31/10	04,000	04,000		Fellowship
	Total Fellowship		04,000	00,000	00,000	04,000	
	Department of Health and Human Services/Office of Mental Health	500000	09/01/09-08/31/10	06,000	00,000		Mental Health (Contract)
	Lebanon Department of Social Services	0-0000	09/01/09-08/31/10	00,000	00,000		Grant Fee
	Office of Community Services		000-000-000000			00,000	Fellowship 50%
	Fellowship Fees				00,000	00,000	Fellowship Fees
	Temporary Contracting		000-000-000000	00,000	00,000		Contracting
	Total Contracting			00,000	00,000	00,000	00,000
Department of Health and Human Services/Office of Mental Health	00,000	09/01/09-08/31/10	00,000	00,000		00,000	00% Fee
Office of Community Services	000000	09/01/09-08/31/10	000,000	000,000		000,000	Revenue Trust
Total Government and Fees			<u>1,000,000</u>	<u>1,000,000</u>	<u>00,000</u>	<u>1,000,000</u>	

1. Open period greater than one year

2. Open one additional year

NEW HORIZONS YOUTH SERVICE BUREAU  
Notes to Financial Statements (Continued)  
Year Ended June 30, 1998

**K. RETIREMENT SYSTEM**

Employees of New Horizons Youth Service Bureau participate in the Social Security System. New Horizons Youth Service Bureau provides the matching portion of the Social Security contributions. New Horizons Youth Service Bureau has no liability for any previous benefits.

**2. CASH & CASH EQUIVALENTS**

At June 30, 1998, New Horizons Youth Service Bureau had cash & cash equivalents totaling \$24,991, as follows:

Operations account	\$ 24,221.
Special account	554.
Fifty cash	16.
	-----
Total	\$ 24,991.
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For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**3. LONG-TERM DEBT**

Notes at June 30, 1998 consisted of the following:

New Horizons Youth Service Bureau has a promissory note due to First Guaranty Bank for \$8,992 dated May 22, 1997 and payable in seven consecutive semi-annual interest payments, beginning November 31, 1997, with interest calculated on the unpaid principal balances at a simple interest rate of 10.70% per annum and three consecutive annual principal payments of \$1,890, beginning May 31, 1998 with a final payment of principal and interest of \$6,212 on May 31, 2001. The note is for the purchase of land where the New Horizons Youth Service Bureau is presently located, and the note is collateralized by the land and buildings owned by the New Horizons Youth Service Bureau. At June 30, 1998, the balance of this note was \$8,992. Of this amount, \$8,182 represents long-term debt.

The interest expense for all debt for the fiscal year ended June 30, 1998, is \$11,794.

**4. LINE OF CREDIT**

New Horizons Youth Service Bureau has a line of credit with First Guaranty Bank for \$100,000 dated May 11, 1998 and bearing interest at 11.50%. This loan is payable on demand, or if on demand is made, in one payment on all outstanding principal plus all accrued unpaid interest at May 11, 1999. In

**NEW HORIZONS YOUTH SERVICE BUREAU**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 1998**

addition interest is payable monthly. The line of credit is collateralized by the land and buildings owned by the New Horizons Youth Service Bureau. At June 30, 1998 the balance on the line of credit was \$99,946. The unused line of credit was \$34.

**4. GRANTS AND OTHER RECEIVABLES**

As of June 30, 1998, the Bureau had incurred program expenses which were reimbursable through grant funds. The programs and amounts of these funds were as follows:

PROGRAM	AMOUNT
Subways	27,820
Mental Health	25,361
Horizon House	30,475
Second Step	8,154
Counseling	7,408
Fun Fund	1,295
Hand in Hand	25,389
Food	381
	-----
	<b>\$112,583</b>
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**6. COMMITMENTS**

As of June 30, 1998, New Horizons Youth Service Bureau had an operating lease on a copy machine expiring on February 14, 1999. Minimum rental, on an annual basis, is as follows:

Fixed year ending June 30, 1999	\$400
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**7. ALLOWANCE FOR BAD DEBTS**

An allowance for bad debts has not been recorded since management feels that all receivables are collectible.

**8. CONTRIBUTED SERVICES AND DONATED MATERIALS**

During the year ended June 30, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, the value of donated materials was not material and has not been recorded.

NEW HORIZONS YOUTH SERVICE BUREAU  
Notes to Financial Statements (Continued)  
Year Ended June 30, 1998

9. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Organization's operations in the year 1999 and beyond. New Horizons Youth Service Bureau uses an outside accounting firm to process all accounting and payroll data. This outside firm is in the planning stage of becoming year 2000 compliant. The New Horizons Youth Service Bureau is dependent on funding from other agencies. The effects, if any, the year 2000 compliance would have on these agencies ability to provide funding to the New Horizons Youth Service Bureau is not determinable. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Organization's remediation efforts will be successful in whole or in part, or that other agencies from whom funding is received will be year 2000 compliant.

**SUPPLEMENTARY INFORMATION**



**NEW HORIZONS YOUTH SERVICE BUREAU  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998**

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Program or Award Amount	Federal Disbursements/ Expenditures
U.S. Department of Agriculture National School Lunch Program	88.108	<u>\$ 5,419</u>	<u>\$ 5,419</u>
Subtotal - U.S. Department of Agriculture		<u>\$ 5,419</u>	<u>\$ 5,419</u>
U.S. Department of Health and Human Services Rusticity and Homeless Youth	83.621	150,800	151,281 (1)
Passed through from Louisiana Department of Social Services:			
Child Welfare Services	93.049	76,820	76,820
Social Services Block Grant	93.067	184,400	184,400
Social Services Block Grant	93.067	40,000	33,366
Family Preservation and Support Services	93.116	108,794	107,428 (1)
Passed through from Louisiana Department of Health and Hospitals:			
Block Grant for Community Mental Health Services	90.918	13,000	12,918
Block Grant for Community Mental Health Services	90.918	<u>109,814</u>	<u>109,808</u>
Subtotal - U.S. Department of Health and Human Services		<u>\$ 313,604</u>	<u>\$ 319,281</u>
<b>TOTAL</b>		<u><u>\$ 319,023</u></u>	<u><u>\$ 324,700</u></u>

(1) Grant period greater than one year

(2) Denotes a major program, if grant on different fiscal year

**Compliance and Internal Control Reports According  
To Governmental Auditing Standards**

**Compliance and Internal Control Reports According  
To OMB Circular A-133**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

**Board of Directors**  
New Horizons Youth Service Bureau  
47251 River Road  
Hammond, Louisiana 70401

I have audited the financial statements of New Horizons Youth Service Bureau (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued my report thereon dated November 14, 1998. Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Governmental Accounting Standards Board Technical Bulletin 98-1 *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the year 2000 issue. The New Horizons Youth Service Bureau has included such disclosures in Note 9. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the New Horizons Youth Service Bureau's disclosures with respect to the year 2000 issue made in Note 9. Further, I do not provide assurance that New Horizons Youth Service Bureau is or will be year 2000 ready, that the Organization year 2000 remediation efforts will be successful in whole or in part, or that agencies that fund New Horizons Youth Service Bureau will be year 2000 ready.

**Compliance**

As part of obtaining reasonable assurance about whether New Horizons Youth Service Bureau's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered New Horizons Youth Service Bureau's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all weaknesses in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in

relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, Louisiana Legislative Auditors, and federal and state assisting agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

  
Thomas M. Louche

November 14, 1998

**ANTHONY R. BAGLEY CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
381 Rue Simon  
Hammond, Louisiana 70401  
(504) 942-4125

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Directors**  
**New Horizons Youth Service Bureau**  
47257 River Road  
Hammond, Louisiana 70401

**Compliance**

I have audited the compliance of New Horizons Youth Service Bureau with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Requirements that are applicable to each of its major federal programs for the year ended June 30, 1998. New Horizons Youth Service Bureau'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 New Horizons Youth Service Bureau's management. My responsibility is to express an opinion on New Horizons Youth Service Bureau's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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, *Audit of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that I 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 New Horizons Youth Service Bureau's compliance with these requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on New Horizons Youth Service Bureau's compliance with these requirements.

In my opinion, New Horizons Youth Service Bureau 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 June 30, 1998.

**Internal Control Over Compliance**

The management of New Horizons Youth Service Bureau is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered New Horizons Youth Service Bureau's internal control over compliance with requirements that could have a direct and material

effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, Louisiana Legislative Justice, and Federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Honorable, Louisiana  
November 14, 1998

**New Mexico Youth Service Bureau  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 1998**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	<b>Qualified</b>
Internal control over financial reporting:	
Material weaknesses identified?	___X___ yes ___no___ no year 2000 issue
Reportable condition(s) identified not considered to be material weaknesses?	___yes___ ___X___ none reported
Noncompliance material to financial statements noted?	___yes___ ___X___ no

**Federal Awards**

Internal Control over major programs:	
Material weakness(es) identified?	___yes___ ___X___ no
Reportable condition(s) identified not considered to be material weaknesses?	___yes___ ___X___ none reported

Type of auditor's report issued on compliance for major programs:	<b>Unqualified</b>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 318(a)?	___yes___ ___X___ no
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**Identification of major programs:**

CFDA Number(s)	Name of Federal Program or Cluster
93.556	Family Preservation and Support Services

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>100,000</u>
Audits qualified as low-risk audits?	___X___ yes ___no___

**Section II - Financial Statement Findings**

There were no financial statement findings.

**Section III - Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs.