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NORTH CENTRAL, INC.  
COLEFAX, LOUISIANA

AUDIT REPORT OF ALL FUNDS  
YEAR ENDED  
JUNE 30, 1998

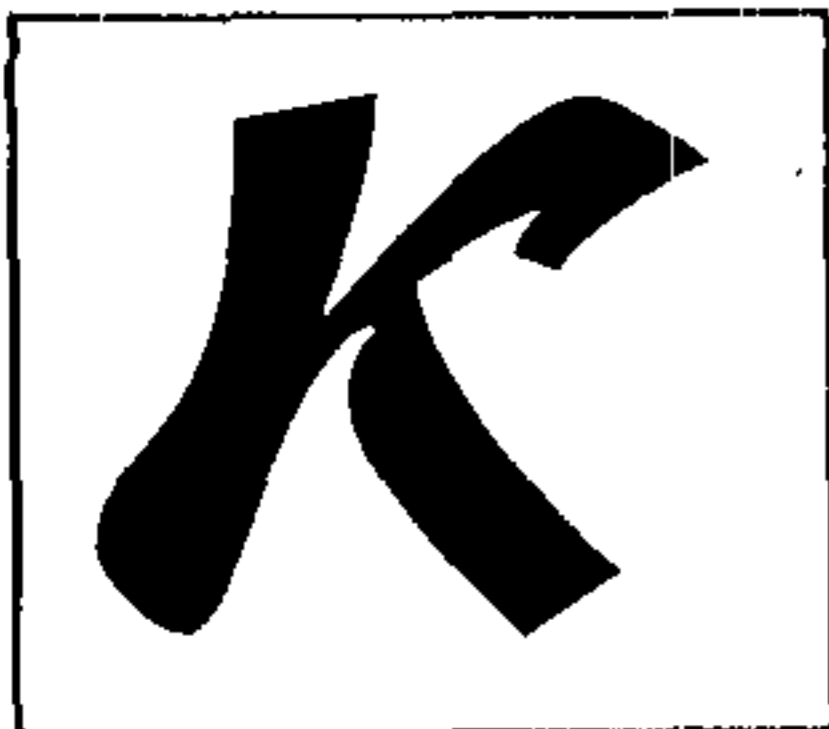
ROLAND D. KRAUSHAAR  
Certified Public Accountant  
Alexandria, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 7 0 1999

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## Roland D. Kraushaar

Certified Public Accountant

1406 Texas Avenue      Alexandria, LA 71301  
Post Office Box 12538      Alexandria, LA 71315

### INDEPENDENT AUDITOR'S REPORT

December 29, 1998

To the Board of Directors  
North Centrala, Inc.  
Colfax, Louisiana

I have audited the general purpose financial statements of North Centrala, Inc. (a nonprofit quasi-governmental organization) as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of North Centrala's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 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.

As discussed in Note 7 of the Notes to Financial Statements, the in-kind contributions received and the in-kind expenditures incurred by the Agency were not examined.

The accompanying statements of revenue and expenditures for the year ended June 30, 1998, do not include comparisons with a formal budget as required by generally accepted accounting principles. While budgets were adopted for the various grant funds, those budgets covered various twelve month periods which do not correspond with the fiscal year of the agency.

In my opinion, except for those items discussed in the preceding paragraphs, the financial statements referred to above present fairly in all material respects the financial position of North Centrala, Inc., as of June 30, 1998, and the results of its operations for the

year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of North Centrala, Inc., taken as a whole. The accompanying combining and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of North Centrala, Inc. The information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated December 29, 1998, on my consideration of North Centrala, Inc.'s internal control structure and a report dated December 29, 1998 on its compliance with laws and regulations.



Roland D. Kraushaar  
Certified Public Accountant

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

NORTH CENTRAL, INC.  
Colfax, Louisiana  
June 30, 1998 and 1997

	FUND TYPES		ACCOUNT GROUPS		TOTALS	
	GENERAL	SPECIAL REVENUE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY) 1998	1997
<b>ASSETS</b>						
Cash	\$ 125	-	\$ -	\$ -	\$ 125	\$ 81,134
Accounts receivable	15,153	10,621	-	-	25,774	5,140
Interfund receivable	25,831	26,117	-	-	51,948	105,003
Furniture and equipment	-	-	398,223	-	398,223	389,823
Amount to be provided for accumulated unpaid vacation	-	-	-	31,888	31,888	27,673
<b>Total assets</b>	<b>\$41,109</b>	<b>\$ 36,738</b>	<b>\$398,223</b>	<b>\$31,888</b>	<b>\$507,958</b>	<b>\$608,773</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Bank overdraft	\$ 3,099	\$ 23,642	\$ -	\$ -	\$ 26,741	\$ -
Payroll taxes and other withholdings	3	-	-	-	3	3,787
Interfund payable	26,117	25,831	-	-	51,948	105,003
Accumulated unpaid vacation	-	-	-	31,888	31,888	27,673
<b>Total liabilities</b>	<b>\$29,219</b>	<b>\$ 49,473</b>	<b>\$ -</b>	<b>\$31,888</b>	<b>\$110,580</b>	<b>\$136,463</b>
<b>Fund Equity:</b>						
<b>Fund balances:</b>						
Unreserved:						
Undesignated	\$11,890	\$(12,735)	\$ -	\$ -	\$ (845)	\$ 82,487
Investment in general fixed assets	-	-	398,223	-	398,223	389,823
<b>Total fund equity</b>	<b>\$11,890</b>	<b>\$(12,735)</b>	<b>\$398,223</b>	<b>\$ -</b>	<b>\$397,378</b>	<b>\$472,310</b>
<b>Total liabilities and fund equity</b>	<b>\$41,109</b>	<b>\$ 36,738</b>	<b>\$398,223</b>	<b>\$31,888</b>	<b>\$507,958</b>	<b>\$608,773</b>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES

NORTH CENTRAL, INC.  
Colfax, Louisiana  
Years Ended June 30, 1998 and 1997

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
			<u>1998</u>	<u>1997</u>
<u>REVENUE</u>				
Intergovernmental	\$ -	\$1,008,559	\$1,008,559	\$1,096,285
Miscellaneous	<u>1,939</u>	<u>164,944</u>	<u>166,883</u>	<u>245,502</u>
Total revenue	<u>\$ 1,939</u>	<u>\$1,173,503</u>	<u>\$1,175,442</u>	<u>\$1,341,787</u>
<u>EXPENDITURES</u>				
Salaries	\$ 2,395	\$ 653,156	\$ 655,551	\$ 506,704
Fringe	2,612	107,802	110,414	86,187
Travel	199	12,329	12,528	18,106
Operating services	2,905	281,431	284,336	214,465
Operating supplies	628	48,392	49,020	101,712
Other costs	198	78,909	79,107	176,427
Capital outlay	-	8,400	8,400	137,180
Meal/Food costs	<u>-</u>	<u>59,418</u>	<u>59,418</u>	<u>50,934</u>
Total expenditures	<u>\$ 8,937</u>	<u>\$1,249,837</u>	<u>\$1,258,774</u>	<u>\$1,291,715</u>
<u>EXCESS (DEFICIENCY) OF</u> <u>REVENUE OVER EXPENDITURES</u>	<u>\$ (6,998)</u>	<u>\$ (76,334)</u>	<u>\$ (83,332)</u>	<u>\$ 50,072</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	\$ 6,733	\$ 28,550	\$ 35,283	\$ -
Operating transfers out	<u>(28,550)</u>	<u>(6,733)</u>	<u>(35,283)</u>	<u>-</u>
Total other sources (uses)	<u>\$ (21,817)</u>	<u>\$ 21,817</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS (DEFICIENCY) OF</u> <u>REVENUE AND OTHER SOURCES</u> <u>OVER EXPENDITURES AND</u> <u>OTHER USES</u>	<u>\$ (28,815)</u>	<u>\$ (54,517)</u>	<u>\$ (83,332)</u>	<u>\$ 50,072</u>
<u>FUND BALANCES</u>				
Beginning of year	<u>40,705</u>	<u>41,782</u>	<u>82,487</u>	<u>32,415</u>
End of year	<u>\$ 11,890</u>	<u>\$ (12,735)</u>	<u>\$ (845)</u>	<u>\$ 82,487</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations:

The purpose and function of the North Centrala, Inc., is to act as the Community Action Agency for the Grant Parish service area. Family self sufficiency is the primary goal for which its services are geared. The mission of North Centrala, Inc. includes to work with significant groups in the community to seek out, identify and eliminate the cause of poverty within the parish; to make the community more responsive to the needs and interest of the poor; and to plan and develop a system of priorities among projects, activities and areas to achieve the most effective and efficient use of resources.

B. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for local government units as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting; Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; and, the revised Louisiana Municipal Audit and Accounting Guide.

C. Fund Accounting:

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds presented in the financial statements in this report are as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Agency are financed. The acquisition, use, and balances of the Agency's expendable financial resources and the related liabilities are accounted for through

NOTES TO FINANCIAL STATEMENTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
June 30, 1998  
(Continued)

governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Agency's governmental fund types:

General Fund - The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes.

D. Basis of Accounting:

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

E. Transfers and Interfund Loans:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.



NOTES TO FINANCIAL STATEMENTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
June 30, 1998  
(Continued)

F. Budget Policy:

Budgets for the various programs reported as Special Revenue Funds are prepared by the Agency's Executive Director and are approved by the Board of Directors and the grantor of the funds for each respective program. No budget has been adopted for the General Fund.

Due to varying program years which do not coincide with the fiscal year of North Centrala, Inc. budgetary comparisons are not presented.

G. Total Columns of Combined Statements - Overview:

Total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. Fixed Assets:

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

NOTES TO FINANCIAL STATEMENTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
June 30, 1998  
(Continued)

I. Comparative Data:

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Agency's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

J. Accumulated Unpaid Vacation:

The Agency's liability for accumulated unpaid vacation has been recorded in the general long-term debt group of accounts for the governmental fund types. The liability is determined by the number of hours of unpaid vacation at June 30, 1998, not to exceed 160 hours, times the current pay rate.

K. Account Groups:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following account groups are not "funds."

General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations of North Centrala, Inc. are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures in the appropriate Governmental Fund type when purchased.

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations.

NOTES TO FINANCIAL STATEMENTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
June 30, 1998  
(Continued)

L. ACCOUNTING ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements.

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS

The Agency receives its monies through various methods of funding. Most of the funds are received on a grant basis. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure.

The Agency encourages and receives contributions from clients to help offset the costs of programs.

NOTE 3 - CONTRACTS RECEIVABLE

Contracts receivable at June 30, 1998, consists of reimbursements of expenses incurred under the various programs. The following list presents contracts receivable by fund at June 30, 1998:

CSBG	\$ 5,900
Headstart	2,676
Child Nutrition	2,045
General Fund	<u>15,153</u>
Total	<u>\$25,774</u> =====

NOTE 4 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 - INCOME TAX STATUS

The Agency, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
June 30, 1998  
(Continued)

NOTE 6 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1997</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1998</u>
Furniture and equipment	\$389,823 =====	\$ 8,400 =====	\$ - =====	\$ 398,223 =====

NOTE 7 - IN-KIND CONTRIBUTIONS

North Centrala, Inc. received various in-kind contributions during the year. Meal sites were furnished at no cost to the Agency and commodities were furnished at no cost by the State of Louisiana. While these contributions have not been reported, the offsetting expenses have not been recorded. The only in-kind contribution included in this report are values of rent, utilities and supplies used in the Headstart program.

NOTE 8 - CHANGES IN LONG-TERM DEBT

The following is a summary of transactions relating to the Agency's long-term debt during the fiscal year.

	<u>Balance July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1998</u>
Accumulated unpaid vacation	\$27,673 =====	\$ 4,215 =====	\$ - =====	\$131,888 =====

S U P P L E M E N T A L

D A T A



Schedule I

<u>NUTRITION</u>	<u>TITLE XX</u>	<u>TRANSPORTATION</u>	<u>LIHEAP</u>	<u>FEMA</u>	<u>WEATHER- IZATION</u>	<u>SUMMER ENRICHMENT</u>	<u>HEADSTART</u>	<u>CHILD NUTRITION</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 43,591	\$4,883	\$ 6,961	\$100,625	\$666,000	\$70,365	\$1,008,559
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	164,504	-	164,944
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,591</u>	<u>\$4,883</u>	<u>\$ 6,961</u>	<u>\$100,625</u>	<u>\$830,504</u>	<u>\$70,365</u>	<u>\$1,173,503</u>
\$ -	\$ -	\$ -	\$ 3,141	\$ -	\$ 3,590	\$119,987	\$437,273	\$28,339	\$ 653,156
-	-	-	324	-	261	17,396	75,166	4,349	107,802
-	-	-	-	-	180	2,590	7,964	66	12,329
-	-	-	358	3,563	179	29,074	226,762	1,654	281,431
-	-	-	17	-	1,999	9,090	31,993	1,533	48,392
-	-	-	37,773	-	22	11,320	21,775	-	78,909
-	-	-	-	-	-	-	8,400	-	8,400
-	-	-	-	-	-	7,732	18,895	32,791	59,418
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,613</u>	<u>\$3,563</u>	<u>\$ 6,231</u>	<u>\$197,189</u>	<u>\$828,228</u>	<u>\$68,732</u>	<u>\$1,249,837</u>
\$ -	\$ -	\$ -	\$ 1,978	\$1,320	\$ 730	\$(96,564)	\$ 2,276	\$ 1,633	\$ (76,334)
\$ -	\$ -	\$ 28,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,550
<u>(5,952)</u>	<u>(781)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,733)</u>
<u>\$ (5,952)</u>	<u>\$(781)</u>	<u>\$ 28,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,817</u>
\$ (5,952)	\$(781)	\$ 28,444	\$ 1,978	\$1,320	\$ 730	\$(96,564)	\$ 2,276	\$ 1,633	\$ (54,517)
<u>5,952</u>	<u>781</u>	<u>(28,444)</u>	<u>(10,518)</u>	<u>(843)</u>	<u>(14,031)</u>	<u>77,872</u>	<u>(3,100)</u>	<u>32</u>	<u>41,782</u>
\$ -	\$ -	\$ -	\$ (8,540)	\$ 477	\$(13,301)	\$(18,692)	\$ (824)	\$ 1,665	\$ (12,735)
*****	*****	*****	*****	*****	*****	*****	*****	*****	*****

COMPENSATION TO BOARD MEMBERS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
Year Ended June 30, 1998

During the period covered by my examination, there were no payments made to or on behalf of board members.



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NORTH CENTRALA, INC.  
Colfax, Louisiana  
Year Ended June 30, 1998

## SECTION I - SUMMARY OF AUDITOR'S REPORT

Financial Statements:

Type of Auditor's Report Issued	Unqualified
Internal Control Over Financial Reporting:	
Material Weakness Identified	No
Reportable Conditions Identified Not Considered to be Material Weaknesses	None Reported
Non-Compliance Material to Financial Statements Noted	No

Federal Awards:

Internal Control Over Major Programs:	
Material Weakness Identified	No
Reportable Conditions Identified Not Considered to be Material Weaknesses	None Reported
Type of Auditor's Report Issued on Compliance for Major Programs	Unqualified
Any Audit Findings Disclosed that are Required to be Reported in Accordance With Circular A-133, Section .521(a)	No
Identification of Major Programs:	
<u>CFDA Number</u> <u>Name of Federal Program</u>	
13.600                            Headstart	
Dollar Threshold to Distinguish Between Type A and Type B Programs	\$300,000
Auditee Qualified as Low-Risk Auditee?	Yes

## SECTION II - FINANCIAL STATEMENT FINDINGS

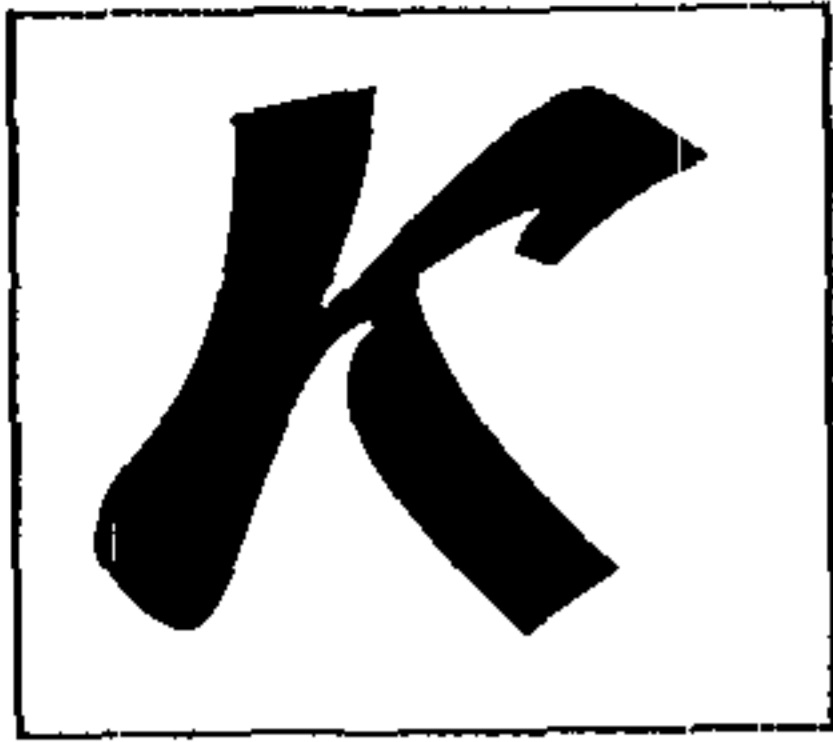
No matters were reported.

## SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

## SECTION IV - STATE FINDINGS

Due to clerical/personnel problems with the auditor's firm, this report was issued more than six months after year end. Therefore, the Agency, through no fault of its own, was in violation of state reporting requirements.



**Roland D. Kraushaar**

Certified Public Accountant

1406 Texas Avenue      Alexandria, LA 71301  
Post Office Box 12538      Alexandria, LA 71315

December 29, 1998

**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 AUDITING STANDARDS**

To the Board of Directors  
North Centrala, Inc.  
Colfax, Louisiana

I have audited the general financial statements of North Centrala, Inc., as of and for the year ended June 30, 1998, and have issued my report thereon dated December 29, 1998. 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.

Compliance

As part of obtaining reasonable assurance about whether the Agency'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 those 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

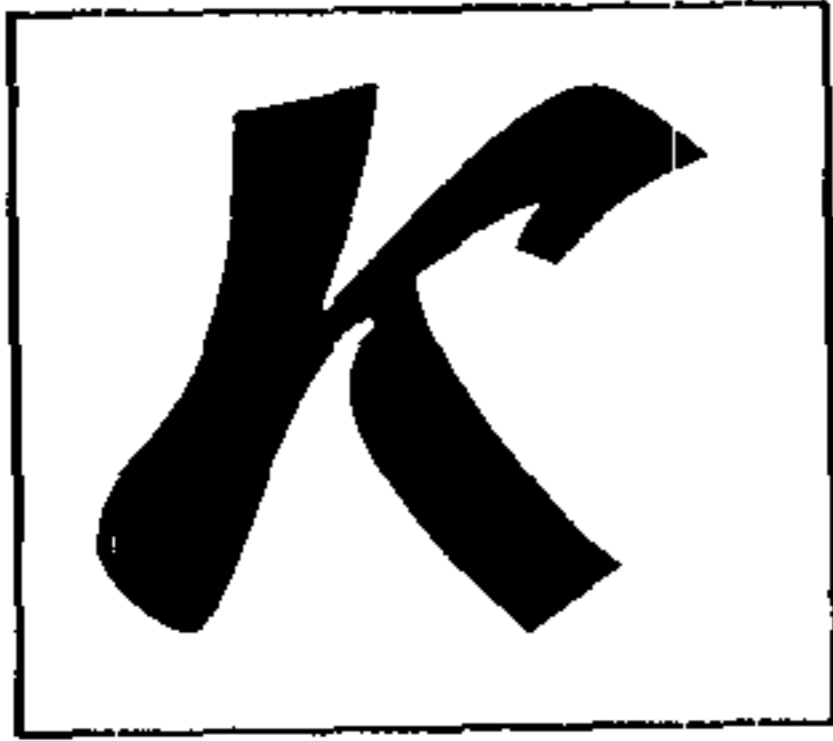
In planning and performing my audit, I considered the Agency's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting

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 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, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Roland D. Kraushaar  
Certified Public Accountant



## Roland D. Kraushaar

Certified Public Accountant

1406 Texas Avenue      Alexandria, LA 71301  
Post Office Box 12538      Alexandria, LA 71315

December 29, 1998

**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**

To the Board of Directors  
North Centrala, Inc.  
Colfax, Louisiana

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

I conducted my audit 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, "Audits of States, Local Governments, and Non-Profit Organizations." Those 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 the North Central, Inc.'s compliance with those 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 North Central's compliance with those requirements.

In my opinion, North Centrala, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control, Over Compliance

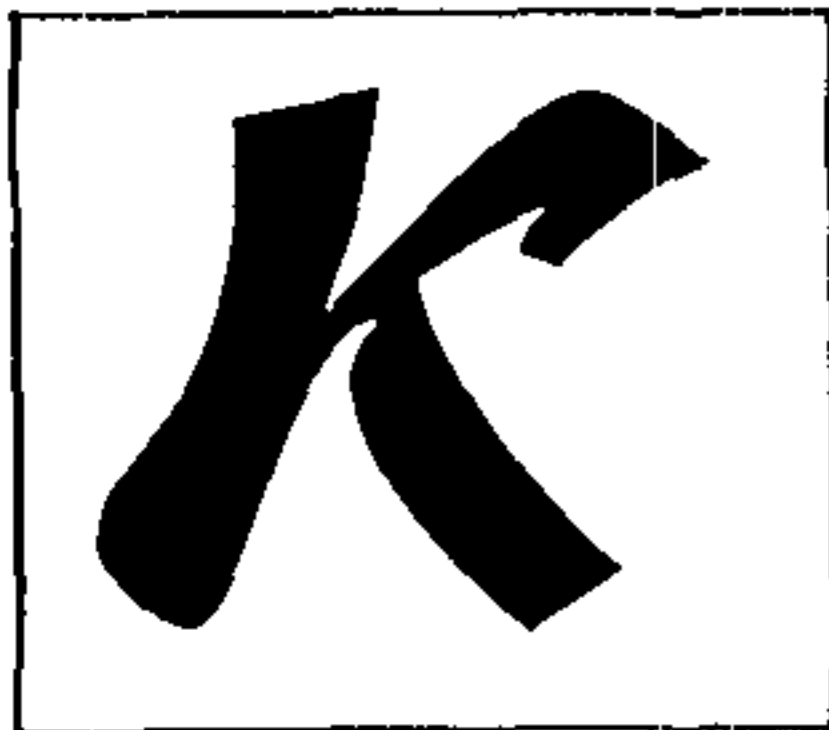
The management of North Centrala, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Agency's internal control 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, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Roland D. Kraushaar  
Certified Public Accountant



**Roland D. Kraushaar**  
Certified Public Accountant

1406 Texas Avenue      Alexandria, LA 71301  
Post Office Box 12538      Alexandria, LA 71315

December 29, 1999


INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARDS

To the Board of Directors  
North Centrala, Inc.  
Colfax, Louisiana

I have audited the general purpose financial statements of North Centrala, Inc. as of and for the year ended June 30, 1998, and have issued my report thereon dated December 29, 1998. These general purpose financial statements are the responsibility of Agency's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of North Centrala, Inc. taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

  
Roland D. Kraushaar  
Certified Public Accountant

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NORTH CENTRALA, INC.  
Colfax, Louisiana  
Year Ended June 30, 1998

<u>FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>
<u>Department of Health &amp; Human Services</u> Direct Headstart	13.600	\$666,000	\$666,000
Passed through Louisiana Office of Employment and Training  CSBG	93.635	65,426	64,714
Passed through Louisiana Office of Community Services  Weatherization	81.042	6,961	6,231
LIHEAP	93.028	43,591	41,613
Child Trust	-	70,365	68,732
Passed through Louisiana Office of Family Support  Project Independence	93.561	36,617	31,682
Summer Enrichment	-	100,625	197,189
<u>Federal Emergency Management Agency</u> Passed through the United Way, Inc.	83.516	4,883	3,563