

**WARE YOUTH CENTER
COUSHATTA, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004**

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

Release Date 11-17-04

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
TABLE OF CONTENTS
JUNE 30, 2004

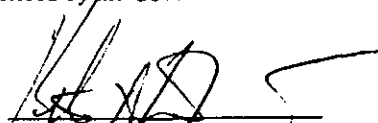
	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Affidavit	-	-	1
Independent Auditors' Report	-	-	2
Management's Discussion, and Analysis	-	-	3
Statement of Net Assets	A	-	8
Statement of Activities	B	-	9
Balance Sheet - Governmental Funds	C	-	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	-	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	E	-	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	-	13
Notes to the Financial Statements	-	-	14
Required Supplementary Information	-	-	22
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - Budget (GAAP Basis) and Actual	-	1	23
Other Supplementary Information	-	-	24
Schedule of Findings and Questioned Costs	-	2	25
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	-	-	26
Summary Schedule of Prior Audit Findings	-	3	27
Corrective Action Plan for Current Year Audit Findings	-	4	28
Management Letter	-	-	29

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Kenneth Loftin, Executive Director of the Ware Youth Center, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of the Ware Youth Center at June 30, 2004 and the results of its operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


Executive Director

Sworn to and subscribed before me, this 18th day of October, 2004.


NOTARY PUBLIC



HINES, JACKSON & HINES, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Ware Youth Center
Rt. 1, Box 6000
Coushatta, Louisiana 71019

We have audited the accompanying basic financial statements of the Ware Youth Center, Coushatta, Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of management of the Ware Youth Center. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ware Youth Center as of June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 18, 2004, on our consideration of the Ware Youth Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 7 and 23, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Ware Youth Center taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The financial information for the year ended June 30, 2003, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated October 24, 2003, on the basic financial statements of the Ware Youth Center.

Hines, Jackson & Hines
Natchitoches, Louisiana
October 18, 2004

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS
JUNE 30, 2004

The Management's Discussion and Analysis of the Ware Youth Center's financial performance presents a narrative overview and analysis of Ware Youth Center's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Ware Youth Center's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- 1) The Ware Youth Center had cash and investments of \$191,505 at June 30, 2004 which represents an increase of \$17,230 from prior year end.
- 2) The Ware Youth Center had amounts due from other governments of \$281,166 at June 30, 2004 which represents a decrease of \$77,767 from prior year end.
- 3) The Ware Youth Center had accounts payable and accruals of \$130,208 at June 30, 2004 which represents a decrease of \$82,295 from prior year end.
- 4) The Ware Youth Center had total revenues of \$2,655,885 for the year ended June 30, 2004 which represents a decrease of \$228 from prior year.
- 5) The Ware Youth Center had intergovernmental revenues of \$1,727,939 for the year ended June 30, 2004 which represents a decrease of \$100,378 from prior year.
- 6) The Ware Youth Center fines, forfeitures and charges for service of \$197,938 for the year ended June 30, 2004 which represents a decrease of \$10,637 from prior year.
- 7) The Ware Youth Center had personal services expenses of \$1,926,989 for the year ended June 30, 2004 which represents a decrease of \$127,083 from prior year.
- 8) The Ware Youth Center had operating services expenses of \$366,196 for the year ended June 30, 2004 which represents an increase of \$43,200 from prior year.
- 9) The Ware Youth Center had capital asset purchases of \$23,139 for the year ended June 30, 2004 which represents a decrease of \$71,039 from prior year.
- 10) The Ware Youth Center had debt services payments of \$0 for the year ended June 30, 2004 which represents a change of \$0 from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Ware Youth Center as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the Ware Youth Center as a whole and present a longer-term view of the Center's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the Center's net assets and changes in them. You can think of the Center's net assets, the difference between assets and liabilities, as one way to measure the Center's financial health, or financial position. Over time, increases or decreases in the Center's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 10. All of the Center's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's activities as well as what remains for future spending.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of Year End

	2004	2003
Current and other assets	\$ 473,426	\$ 535,832
Capital assets, net	5,452,315	5,691,148
Total Assets	\$ 5,925,741	\$ 6,226,980
Other liabilities	\$ 130,208	\$ 212,503
Compensated absences payable	18,241	17,344
Total Liabilities	148,449	229,847
Net assets		
Investment in capital assets, net of related debt	5,452,315	5,691,148
Unrestricted	324,977	305,985
Total Net Assets	5,777,292	5,997,133
Total Liabilities and Net Assets	\$ 5,925,741	\$ 6,226,980

Net assets of the Ware Youth Center's decreased by \$219,841 or 3.67% from the previous fiscal year. The decrease is the result of operating expenditures exceeding charges for services and operating and non-operating revenues during the fiscal year ended 2004 (See table below).

Statement of Activities
For the Year Ended

	2004	2003
General government Expenses	\$ (2,875,726)	\$ (3,007,253)
Program revenues		
Charges for services	722,714	585,186
Operating grants and contributions	1,727,939	1,828,317
Subtotal	(425,073)	(593,750)
General revenues	205,232	242,610
Change in net assets	\$ (219,841)	\$ (351,140)

The Ware Youth Center's total revenues decreased by \$228 or 0.01% from the previous year. The total cost of all programs and services decreased by \$131,527 or 4.37% from the previous year.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Ware Youth Center had \$5,452,315 net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net decrease (including additions and deductions) of \$238,833 or 4.20% from the previous year.

Capital Assets at Year End (Net of Depreciation)		2004	2003
Land	\$	175,017	\$ 175,017
Buildings and building improvements		5,012,593	5,187,041
Automobiles and equipment		264,705	329,090
Total		\$ 5,452,315	\$ 5,691,148

This year's major additions included:

Automobiles and equipment	\$	23,139
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This year's major retirements included:

Automobiles and equipment	\$	152,761
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Debt

The Ware Youth Center had \$18,241 in compensated absences payable at year end compared to \$17,344 at the previous year end, an increase of \$897 or 5.17% as shown in the table below.

Outstanding Debt at Year End		2004	2003
Compensated absences payable	\$	18,241	\$ 17,344
Totals		\$ 18,241	\$ 17,344

New debt during the year included:

None.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$71,585 more than budgeted amounts due to charges for services being more than expected.

Actual expenditures were \$53,096 more than budgeted amounts due to personal services, travel and operating services being more than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Ware Youth Center's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Intergovernmental revenues
- 2) Charges for services
- 3) Interest income

The Ware Youth Center does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE WARE YOUTH CENTER'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Ware Youth Center's finances and to show the Ware Youth Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kenneth Loftin, Executive Director, Rt. 1 Box 6000, Coushatta, Louisiana 71019.

EXHIBIT A

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Cash	\$ 79,964	\$ 64,630
Investments	111,541	109,645
Accounts receivable	281,166	358,933
Prepaid insurance	<u>0</u>	<u>1,869</u>
Total Current Assets	472,671	535,077
Noncurrent Assets		
Capital assets, net	5,452,315	5,691,148
Utility deposits	<u>755</u>	<u>755</u>
Total Assets	<u>\$ 5,925,741</u>	<u>\$ 6,226,980</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	<u>\$ 130,208</u>	<u>\$ 212,503</u>
Total Current Liabilities	130,208	212,503
Noncurrent Liabilities		
Compensated absences payable	<u>18,241</u>	<u>17,344</u>
Total Liabilities	148,449	229,847
NET ASSETS		
Investment in capital assets, net of related debt	5,452,315	5,691,148
Unrestricted	<u>324,977</u>	<u>305,985</u>
Total Net Assets	<u>5,777,292</u>	<u>5,997,133</u>
Total Liabilities and Net Assets	<u>\$ 5,925,741</u>	<u>\$ 6,226,980</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004			2003	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
General Government					
Personal services	\$ 1,926,989	\$ 532,821	\$ 0	\$ (120,246)	\$ (233,294)
Travel	39,889	11,029	0	(2,489)	(5,009)
Operating services	366,196	101,255	0	(22,851)	(36,698)
Supplies	209,801	58,011	0	(13,092)	(27,639)
Professional services	70,879	19,598	0	(4,423)	(6,721)
Depreciation	261,972	0	0	(261,972)	(284,389)
Total General Government	\$ 2,875,726	\$ 722,714	\$ 0	\$ (425,073)	\$ (593,750)
General Revenues					
Fines and forfeitures				197,938	208,575
Interest income				2,373	13,248
Miscellaneous				4,921	20,787
Total General Revenues				205,232	242,610
Change in Net Assets				(219,841)	(351,140)
Net Assets, Beginning of year				5,997,133	6,348,273
Net Assets, End of year				\$ 5,777,292	\$ 5,997,133

The accompanying notes are an integral part of this statement.

EXHIBIT C

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 79,964	\$ 64,630
Investments	111,541	109,645
Accounts receivable	281,166	358,933
Prepaid insurance	0	1,869
Utility deposits	<u>755</u>	<u>755</u>
Total Assets	<u>\$ 473,426</u>	<u>\$ 535,832</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accruals	\$ 130,208	\$ 212,503
Total Liabilities	<u>130,208</u>	<u>212,503</u>
 FUND BALANCES		
Unrestricted	<u>343,218</u>	<u>323,329</u>
Total Fund Balances	<u>343,218</u>	<u>323,329</u>
Total Liabilities and Fund Balances	<u>\$ 473,426</u>	<u>\$ 535,832</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances for Governmental Funds (Exhibit C) \$ 343,218

Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 175,017	
Buildings and building improvements, net of \$1,260,386 in accumulated depreciation	5,012,593	
Automobiles and equipment, net of \$550,513 in accumulated depreciation	<u>\$ 264,705</u>	
Total Capital Assets		5,452,315

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the fund liabilities. (18,241)

Total Net Assets of Governmental Activities (Exhibit A) \$ 5,777,292

EXHIBIT E

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL
FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Intergovernmental	\$ 1,727,939	\$ 1,828,317
Charges for services	722,714	585,186
Fines and forfeitures	197,938	208,575
Interest income	2,373	13,248
Miscellaneous	<u>4,921</u>	<u>20,787</u>
Total Revenues	2,655,885	2,656,113
EXPENDITURES		
General government		
Personal services	1,926,092	2,036,728
Travel	39,889	44,091
Operating services	366,196	322,996
Supplies	209,801	243,267
Professional services	70,879	58,438
Capital outlay	<u>23,139</u>	<u>94,178</u>
Total Expenditures	<u>2,635,996</u>	<u>2,799,698</u>
Excess/(Deficiency) Of Revenues Over Expenditures	19,889	(143,585)
Fund Balance, Beginning of year	<u>323,329</u>	<u>466,914</u>
Fund Balance, End of year	<u>\$ 343,218</u>	<u>\$ 323,329</u>

The accompanying notes are an integral part of this statement.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Net Change in Fund Balances-Total Governmental Funds (Exhibit E)	\$ 19,889
The change in Net Assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (261,972) exceeds capital outlays (23,139) in the current period.	(238,833)
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(897)</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$ (219,841)</u>

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ware Youth Center was created by Act 833 of the 1986 Legislature, which enacted Part XI-A of Chapter 7 of Title 15 of the Louisiana Revised Statutes of 1950 to be comprised of R.S. 15:1097 through 1097.5 to establish and provide for the purposes and functions of the Ware Youth Center for the parishes of Bienville, Claiborne, DeSoto, Natchitoches, Red River, Sabine, and Webster. The Center's funding is provided by enabling legislation which grants the power to levy taxes, incur debt and issue bonds, and by R.S. 15:1095.6 which provides for the imposition of court costs in certain juvenile and criminal proceedings in all courts within the area of its jurisdiction. Act 147 of the 1991 Legislature amended and reenacted R.S. 15:1097 through 1097.2 and enacted Subpart G of Part XI of Chapter 7 of Title 15 of the Louisiana Revised Statutes of 1950, comprised of R.S. 15:1099.1 through 1099.7 which authorized any parish governing authority having a youth center and any juvenile detention authority to enter into a lease or lease-purchase contract for construction, operation, and maintenance of a youth center within the parish and authorized other parishes to enter into participation agreements with a parish having a youth center to sublease space and house juveniles at the center.

Act 147 amended the territorial jurisdiction of the Ware Youth Center to include the parishes of Claiborne, DeSoto, Natchitoches, Red River, Sabine, and Webster. However, Act 147 allowed Claiborne Parish to withdraw from membership and participation in the Center during the period beginning September 1, 1991 and ending December 31, 1991. This parish elected to withdraw from participation in the Center. At June 30, 2004, the parishes of DeSoto, Natchitoches, Red River, Sabine and Webster were included in the territorial jurisdiction of the Ware Youth Center.

The purpose of the Center is to assist and afford opportunities to preadjudicatory and postadjudicatory children who enter the juvenile justice system to become productive, law-abiding citizens of the community, parish, and state by the establishment of rehabilitative programs within a structured environment and to provide physical facilities and related services for children throughout the parishes belonging to the Center including the housing, care, supervision, maintenance, and education of juveniles under the age of seventeen years, and for juveniles seventeen years of age and over who were under seventeen years of age when they committed an alleged offense.

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Ware Youth Center consist only of the transactions and activity of the Ware Youth Center as authorized by Louisiana statutes.

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

The accounts of the Ware Youth Center are maintained in accordance with applicable statutory provisions as follows:

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Accounting (Continued)

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Ware Youth Center prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Ware Youth Center amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

C. Cash and Cash Equivalents

The Ware Youth Center defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, \$0 were considered to be uncollectible.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Ware Youth Center are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 20 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

G. Compensated Absences

The Ware Youth Center employees earn annual leave at various rates depending on the number of years in service. The maximum amount of annual leave that may be accumulated by each employee is 160. Upon termination, an employee is compensated for up to 160 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Ware Youth Center may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the Commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts mutually acceptable to both parties. The deposits at June 30, 2004 were secured as follows:

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

A. Deposits with Financial Institutions(Continued)

	Cash	Certificates of Deposit	Total
Deposits in bank accounts per balance sheet	\$ 79,464	\$ 111,541	\$ 191,005
	Cash	Certificates of Deposit	Total
Bank Balances:			
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 100,000	\$ 100,000	\$ 200,000
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	0	11,541	11,541
3. Uncollateralized, including any securities held for the entity but not in entity's name	14,088	0	14,088
Total Bank Balances	\$ 114,088	\$ 111,541	\$ 225,629

The following is a breakdown by banking institution and amount of the balances shown above:

Banking Institution	Amount
American Bank and Trust Company	\$ 114,088
Bank of Coushatta	111,541
Total	\$ 225,629

B. Investments

At June 30, 2004, the Ware Youth Center had investments of \$0.

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2004:

Class of Receivable		Amount
State of Louisiana	\$	168,257
Police Juries		71,265
Local Governments		36,290
Other		5,354
Total	\$	281,166

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 4 CAPITAL ASSETS

A summary of Ware Youth Center's capital assets at June 30, 2004 follows:

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2004</u>
Capital Assets, not being depreciated				
Land	\$ 175,017	\$ 0	\$ 0	\$ 175,017
Total Capital Assets, not being depreciated	175,017	0	0	175,017
Capital Assets, being depreciated				
Buildings and building improvements	6,272,979	0	0	6,272,979
Less accumulated depreciation	<u>(1,085,938)</u>	<u>(174,448)</u>	<u>0</u>	<u>(1,260,386)</u>
Total Buildings and building improvements	5,187,041	(174,448)	0	5,012,593
Automobiles and equipment	944,840	23,139	(152,761)	815,218
Less accumulated depreciation:	<u>(615,750)</u>	<u>(87,524)</u>	<u>152,761</u>	<u>(550,513)</u>
Total Automobiles and equipment	<u>329,090</u>	<u>(64,385)</u>	<u>0</u>	<u>264,705</u>
Total Capital Assets, being depreciated	<u>5,516,131</u>	<u>(238,833)</u>	<u>0</u>	<u>5,277,298</u>
Total Capital Assets, net	<u>\$ 5,691,148</u>	<u>\$ (238,833)</u>	<u>\$ 0</u>	<u>\$ 5,452,315</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2004:

<u>Class of Payable</u>	
Vendor	\$ 54,000
Salaries and benefits	76,208
Other	<u>0</u>
Total	<u>\$ 130,208</u>

NOTE 6 COMPENSATED ABSENCES

At June 30, 2004, employees of the Ware Youth Center had accumulated \$18,241 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2004.

Compensated absences payable, beginning of year	\$ 17,344
Additions	16,783
Deletions	<u>(15,886)</u>
Compensated absences payable, end of year	<u>\$ 18,241</u>

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 7 RETIREMENT COMMITMENTS

The Ware Youth Center participates in two cost-sharing multiple employer statewide retirement systems (PERS) for its employees. Each retirement system is administered and controlled by a separate board of trustees.

Following is a brief description of each retirement system in which the Authority participates:

Louisiana State Employees' Retirement System

Substantially all employees of the Ware Youth Center are members of the Louisiana State Employees' Retirement System (LASERS), an agency of the State of Louisiana established under the provisions of Title 42, Chapter 10, of the Louisiana Revised Statutes of 1950. LASERS is a single employer public employee retirement system which is organized for the purpose of providing retirement and other benefits for employees of the State of Louisiana and its various departments and agencies and their beneficiaries. LASERS is administered and controlled by an eleven member Board of Trustees and is funded through member and employer contributions and investment earnings.

The age and years of creditable service required of a member to retire with full benefits are established by statute. These vary according to the member's employer and job classification. Benefits are available for regular retirement if the member has:

Thirty (30) years or more service at any age

Twenty-five (25) years or more service at age fifty-five (55)

Ten (10) years or more service at age sixty (60)

The basic annual retirement benefit for most members is equal to 2.5% of the average compensation for their thirty-six (36) highest consecutive earnings months multiplied by the number of years of creditable service plus \$300. Participants who become members of LASERS on or after July 1, 1986 are not eligible for the \$300 addition to the annual retirement benefit formula.

Average compensation is defined as the member's average annual earned compensation for the period of 36 consecutive months of employment during which the member's total earned compensation was greatest. The maximum annual retirement benefit cannot be more than the lesser of 100% of average compensation, or for individuals joining the system after January 1, 1990, the specific dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804, or by calling 1-800-256-3000.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Ware Youth Center is required to contribute at an actuarially determined rate. The current rate is 15.8 percent of annual covered payroll. The contribution requirements of plan members and the Ware Youth Center are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employee contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Ware Youth Center's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$199,386, \$188,448 and \$165,388, respectively, equal to the required contribution for each year.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 7 RETIREMENT COMMITMENTS (CONTINUED)

Teachers' Retirement System of Louisiana

One employee of the Ware Youth Center is a member of the Teachers' Retirement System of Louisiana (the "System"). The System is the administrator of a cost sharing multiple - employer plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a "teacher". Ware Youth Center participates in the TRSL Regular Plan which requires mandatory enrollment for all employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statutes 11:701 (23)(a).

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disability after 5 years, provided the member is in active service at the time of filing an application for disability retirement. The formula for annual maximum retirement benefits is two (2) or two and one-half (2 ½) percent of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary. Benefits are paid monthly for life. If a member dies prior to establishing eligibility for survivor benefits or leaves covered employment prior to vesting, accumulated member contributions are refunded.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, or by calling (504) 925-6446.

Plan members are required by state statute to contribute 8.00 percent of their annual covered salary and the Ware Youth Center is required to contribute at an actuarially determined rate. The current rate is 13.8 percent of annual covered payroll. The contribution requirements of plan members and the Ware Youth Center are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employee contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Ware Youth Center's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$12,597, \$10,684 and \$10,971, equal to the required contribution for each year.

NOTE 8 LEASE OBLIGATIONS

The Ware Youth Center was not obligated under any capital or operating lease commitments at June 30, 2004.

NOTE 9 LITIGATION

The Ware Youth Center was not involved in any litigation at June 30, 2004.

NOTE 10 RISK MANAGEMENT

The Ware Youth Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Center.

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 11 CLAIMS AND JUDGMENTS

The Ware Youth Center participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Center may be required to reimburse the grantor government. The Center believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the governmental funds or the overall financial position of the Center.

REQUIRED SUPPLEMENTARY INFORMATION

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual	Variance Fav./Unfav.)
REVENUES				
Intergovernmental	\$ 1,766,000	\$ 1,763,600	\$ 1,727,939	\$ (35,661)
Charges for services	672,000	647,800	722,714	74,914
Fines and forfeitures	207,700	170,600	197,938	27,338
Interest income	6,000	1,300	2,373	1,073
Miscellaneous	19,700	1,000	4,921	3,921
Total Revenues	<u>2,671,400</u>	<u>2,584,300</u>	<u>2,655,885</u>	<u>71,585</u>
EXPENDITURES				
General government				
Personal services	1,989,839	1,908,400	1,926,092	(17,692)
Travel	28,600	19,700	39,889	(20,189)
Operating services	306,861	335,800	366,196	(30,396)
Supplies	270,150	211,600	209,801	1,799
Professional services	60,950	67,500	70,879	(3,379)
Capital outlay	15,000	39,900	23,139	16,761
Total Expenditures	<u>2,671,400</u>	<u>2,582,900</u>	<u>2,635,996</u>	<u>(53,096)</u>
Excess/(Deficiency) Of Revenues Over Expenditures	0	1,400	19,889	18,489
Fund Balance, Beginning of year	<u>323,329</u>	<u>323,329</u>	<u>323,329</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 323,329</u>	<u>\$ 324,729</u>	<u>\$ 343,218</u>	<u>\$ 18,489</u>

OTHER SUPPLEMENTARY INFORMATION

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | | |
|----|---|-------------|
| 1. | Type of auditors' report issued. | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a) Material weaknesses identified? | None |
| | b) Reportable conditions identified not considered to be material weaknesses? | None |
| | c) Noncompliance material to the financial statements noted? | None |

SECTION #2

FINANCIAL STATEMENT FINDINGS

- | | |
|---------|--|
| 2004-01 | The bank deposit balances of the Ware Youth Center exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage. |
|---------|--|

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Ware Youth Center
Rt. 1, Box 6000
Coushatta, Louisiana 71019

We have audited the basic financial statements of the Ware Youth Center, Coushatta, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ware Youth Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance that is required to be reported under Government Auditing Standards. A description of the finding can be found in findings 2004-01 of the accompanying Corrective Action Plan For Current Year Audit Findings, Schedule 4.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ware Youth Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be 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 misstatement 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Ware Youth Center and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines

Natchitoches, Louisiana
October 18, 2004

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

SCHEDULE 4

WARE YOUTH CENTER
COUSHATTA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
2004-01	The bank deposit balances of the Ware Youth Center exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage.	The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.	Kenneth Loftin, Executive Director	11/15/2004

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Board of Commissioners
Ware Youth Center
Rt. 1, Box 6000
Coushatta, Louisiana 71019

We are writing this letter as a follow-up to our recent audit of the basic financial statements of the Ware Youth Center, Coushatta, Louisiana as of June 30, 2004, and for the year then ended. We offer the following observations and recommendations, which are intended to help improve record keeping procedures and general operations of the Ware Youth Center and are intended to be constructive in nature:

Existing Conditions:

At June 30, 2004, the bank deposit balances of the Ware Youth Center exceeded federal deposit insurance corporation (FDIC) coverage. This resulted in bank deposits not being secured against loss because the depositing banks did not pledge sufficient securities at a third party custodian to cover the excess deposits.

LSA-RS 39:1225 requires that the amount of security maintained on bank deposits shall at all times be equal to one hundred percent of the amount of bank deposits except that portion of the deposits insured by the FDIC.

Recommended Action

We suggest management of the Ware Youth Center review on a quarterly basis the amount of securities being pledged at each institution that deposits are maintained to ensure that proper security is being maintained over the funds as required by LSA-RS 39:1225.

Management's Response

The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.

These comments and recommendations are not all inclusive and are not intended to be critical of anyone. We would like to thank the Ware Youth Center's management and staff for their courtesy and cooperation during our engagement. If you have any questions or concerns, please let us know.

Hines, Jackson & Hines

Natchitoches, Louisiana
October 18, 2004