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JEFFERSON PARISH HUMAN SERVICES AUTHORITY

A COMPONENT UNIT OF THE STATE OF LOUISIANA

METAIRIE, LOUISIANA

FOR THE FISCAL 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 9-15-04

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INDEPENDENT AUDITORS' REPORT

The Board of Governors
Jefferson Parish Human Services Authority
Metairie, Louisiana

We have audited the accompanying basic financial statements of the Jefferson Parish Human Services Authority (the Authority), a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *the Louisiana Governmental Audit Guide*, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority 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 our report dated August 12, 2004, on our consideration of the Authority's internal control over financial reporting and on 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.

ERICKSEN KRENTEL & LAPORTE LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. Schedules "1" and "2" listed in the table of contents, and the accompanying State of Louisiana, Division of Administration Financial Statements are presented for purposes of additional analysis and are not required parts of the basic financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the Authority. 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.

August 12, 2004

Ericksen, Krentel & LaPorte LLP
Certified Public Accountants

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

The Management's Discussion and Analysis of the Jefferson Parish Human Services Authority's (the Authority) financial performance presents a narrative overview and analysis of the Authority'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 in comparison with the prior year's information. Please read this document in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

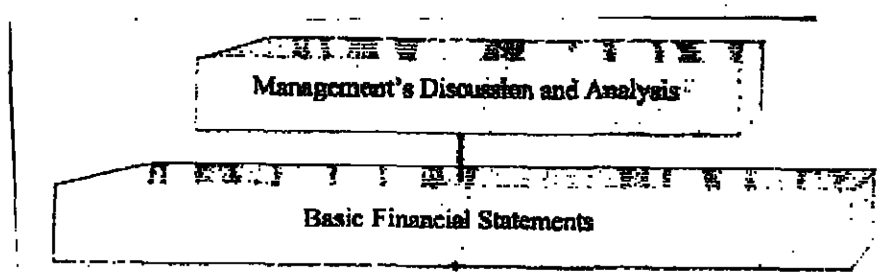
The Authority's assets exceeded its liabilities at the close of fiscal year 2003-2004 by $1,072,595. The net assets decreased by $1,250,304 from the previous year.

The Authority's revenue increased 5% from $21,161,823 to $22,199,044. Expenditures for the relevant period increased 10% from $21,239,680 to $23,449,348. The results were a deficit of $1,250,304, $546,498 of which was budgeted to cover an anticipated shortfall.

The deficit incurred can be attributed to several factors both ongoing and one time. Increases in salaries were incurred and are ongoing due to increases in several Civil Service pay ranges that allow employees to receive increases beyond previous maximums, increases in all related benefits such as health care premiums and retirement contributions, and an increase in the number of positions at JPHSA will be ongoing. The Authority has also embarked on a plan of reorganization that required a temporary increase in spending. The resulting reorganization should result in a relative stabilization in expenditures and improve access to services to the most in need citizens of Jefferson Parish. The Access Division has increased its operations to pilot a program named "Jefferson Parish Level of Care", (JPLOC). The long-term results of the program should streamline the screening process for admissions and allow other clinical areas to reduce expenses and increase efficiency thereby negating the increased expenses incurred by the Access Division.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements present information for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2004 and 2003

	2004	2003
ASSETS:		
Cash	$ 427,825	$ 1,146,109
Receivables	1,415,490	1,325,280
Inventory	187,027	389,706
Capital assets, net of accumulated depreciation	1,191,186	1,351,349
Total assets	$ 3,221,528	$ 4,212,444
LIABILITIES:		
Other liabilities	$ 1,430,536	$ 1,264,090
Long-term liabilities	718,397	625,455
Total liabilities	2,148,933	1,889,545
NET ASSETS:		
Invested in capital assets, net of related debt	1,187,246	1,343,088
Unrestricted	(114,651)	979,811
Total net assets	1,072,595	2,322,899
Total liabilities and net assets	$ 3,221,528	$ 4,212,444

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

Assets decreased by $990,916 or 24% from June 30, 2003 to June 30, 2004. Although revenues increased at a rate of 5%, expenditures increased at a rate of 10%. The result of the increased expenditures caused JPHSA to run a deficit of $1,250,304 thereby depleting cash assets. Inventory showed a decrease of $202,679 resulting from extraordinary inventory carryover from the previous fiscal year. Current inventory levels will be maintained for 2004.

Statement of Activities
for the years ended June 30, 2004 and 2003

	2004	2003
REVENUES:		
Program revenues:		
Charges for services	$ 1,452,837	$ 1,406,451
Operating grants and contributions	2,601,239	2,180,483
General revenues:		
State of Louisiana	16,618,684	16,102,551
Jefferson Parish	1,507,431	1,442,637
Other	18,853	29,701
Total revenues	22,199,044	21,161,823
EXPENSES:		
Program expenses:		
Adult services	5,142,394	4,785,816
Development disabilities	4,043,442	3,871,144
Community support	4,032,874	3,931,375
Administration	2,911,157	2,765,262
Special services	-	5,788
Access	898,411	570,372
Children and family	4,093,807	3,124,253
Medical services	2,327,263	2,185,670
Total expenses	23,449,348	21,239,680
Net (decrease) in net assets	$ (1,250,304)	$ (77,857)

The increase in expenses that vary significantly from division to division is due in part to the way services are delivered by each division. Divisions that deliver services through employees showed increases in expenses higher than those that deliver services via contracts. These contract intensive services allow for greater scalability in their scope and therefore more flexibility in controlling costs. The Authority's 2004-2005 budget calls for cuts in expenditures and increases in revenues that will allow for no deficit spending to be incurred.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

CAPITAL ASSETS

At June 30, 2004, the Authority had $1,191,186 invested in a broad range of capital assets, including equipment and leasehold improvements.

Capital Assets at Year-end
(Net of Depreciation)

	2004	2003
Leasehold improvements	$ 858,633	$ 982,925
Equipment	332,553	368,424
Totals	$ 1,191,186	$ 1,351,349

Leasehold improvements decreased due to normal depreciation. The decrease in equipment is attributable to the Authority replacing outdated computers and the Information Technology server system within the Authority with less expensive models and normal depreciation.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The original adopted budget was amended four times during the fiscal year. The amendments were primarily to adjust for grant funding. Grant contract terms often span two fiscal years. The grant budget is not determined until the beginning of the grant period which differs from the Authority's fiscal reporting year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Some revenue and expense budget items for grants were not collected or expensed in the current year for two reasons. First, amounts were transferred to the next fiscal year to reflect the actual period the revenues and expenses occurred. This resulted from grant periods spanning two fiscal years.

Second, some budgeted revenues and expenditures were not utilized before the end of the grant period and lapsed in our budget process.

Contract providers did not expend their authorized expense budgets. Also, due to specific grants either not expending their budgets or their budgets transferring to the next fiscal year, there were savings in match requirements that did not have to be expended.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees.

- Budget for FY 2004-2005 was developed for Authority based upon the priorities established by the Board of Directors. These priorities are:
    1. Persons and families in crisis related to mental illness, substance abuse or developmental disabilities shall have their crisis resolved and a safe environment restored.
    2. Persons with serious and disabling mental illness, substance abuse or developmental disabilities shall make use of natural supports and community resources and shall participate in the community.
    3. Persons with mild to moderate needs related to mental illness, substance abuse or developmental disabilities shall make use of natural supports and community resources and shall participate in the community.
    4. Persons not yet identified with specific serious mental illness, substance abuse or developmental disabilities, but who are at significant risk of such disorders due to the presence of empirically established risk factors or the absence of the empirically established protective factors do not develop the problems for which they are at risk.

The Authority expects that next year's results will improve based on the following:

- Although State funding has stayed relatively flat, mandated increases not funded will result in higher than usual inflation of expenditures. Mandatory increases not funded include merit raises, health care premiums, retirement increases, Civil Service and UPS fees, and unemployment costs not previously paid by the agency. To balance budgets each division has been mandated to reduce expenditures and or increase revenues in an effort to eliminate deficit spending. Divisions will be monitored either quarterly or monthly to assure compliance.

- A major project in combining the administrative staff of the adult services division has begun. This will combine the separate sections of Adult services into one area allowing greater flexibility and scalability of staff time. New initiatives in collecting revenue has begun that should result in revenues increasing.

CONTACTING THE JEFFERSON PARISH HUMAN SERVICES AUTHORITY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Richard Totorico at 504-838-5223.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS

Cash	$	427,825
Receivables:		
State of Louisiana		641,122
Jefferson Parish		144,101
Grants		503,930
Medicare/Medicaid		88,001
Other		38,336
Inventory		187,027
Capital assets, net of accumulated depreciation		1,191,186
Total assets	$	3,221,528

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	$	1,063,368
Accrued expenses		346,355
Due to State of Louisiana		20,813
Long-term liabilities:		
Capital lease obligations due within one year		3,940
Compensated absences due within one year		544,000
Compensated absences due after one year		170,457
Total liabilities		2,148,933
NET ASSETS:		
Invested in capital assets, net of related debt		1,187,246
Unrestricted		(114,651)
Total net assets		1,072,595
Total liabilities and net assets	$	3,221,528

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
GOVERNMENTAL ACTIVITIES:				
Adult services	$ 5,142,394	$ 1,011,734	$ 1,215,023	$ (2,915,637)
Developmental disabilities	4,043,442	-	81,035	(3,962,407)
Community support	4,032,874	100,142	753,327	(3,179,405)
Administration	2,911,157	-	-	(2,911,157)
Access	898,411	-	-	(898,411)
Children and family	4,093,807	340,961	545,654	(3,207,192)
Medical services	2,327,263	-	6,200	(2,321,063)
Total governmental activities	23,449,348	1,452,837	2,601,239	(19,395,272)

GENERAL REVENUES:	
State of Louisiana	16,618,684
Jefferson Parish	1,507,431
Investment income	14,388
Miscellaneous - general revenues	6,805
Loss on disposal of assets	(2,340)
Total general revenues	18,144,968
Decrease in net assets	(1,250,304)
Net assets at beginning of year	2,322,899
Net assets at end of year	$ 1,072,595

See accompanying **NOTES TO FINANCIAL STATEMENTS**

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund
ASSETS	
Cash	$ 427,825
Receivables:	
State of Louisiana	641,122
Jefferson Parish	144,101
Grants	503,930
Medicare/Medicaid	88,001
Other	38,336
Inventory	187,027
Total assets	$ 2,030,342
LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Accounts payable	$ 1,063,368
Accrued expenses	346,355
Due to State of Louisiana	20,813
Total liabilities	1,430,536
FUND BALANCES:	
Reserved:	
Reserved for inventory	187,027
Unreserved:	
Designated for repairs and improvements	100,000
Undesignated	312,779
Total fund balances	599,806
Total liabilities and fund balances	$ 2,030,342

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "D"

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET ASSETS
JUNE 30, 2004

Total fund balances - governmental funds		$ 599,806
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Purchases of capital assets are reported as expenditures as they are incurred in the governmental funds. The Statement of Net Assets reports capital assets as assets of the Authority. These capital assets are depreciated over their estimated useful lives in the Statement of Activities and are not reported in the governmental funds.		
Cost of capital assets	$ 2,631,967	
Less: Accumulated depreciation	(1,440,781)	
		1,191,186
Long-term liabilities that are not due and payable with currently expendible resources are not reported as a fund liability. All liabilities - both current and long term - are reported in the Statement of Net Assets:		
Balances at June 30, 2004 are:		
Capital leases payable	(3,940)	
Compensated absences payable	(714,457)	
		(718,397)
Net assets of governmental activities		$ 1,072,595

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "E"

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund
REVENUES:	
Intergovernmental	$ 20,884,481
Other revenues	1,316,903
Total revenues	22,201,384
EXPENDITURES:	
Adult services	5,115,524
Developmental disabilities	4,025,407
Community support	4,021,366
Administration	2,802,630
Access	866,930
Children and family	4,047,830
Medical services	2,116,217
Total expenditures	22,995,904
Net change in fund balances	(794,520)
Fund balances at beginning of year	1,597,005
Decrease in reserve for inventory	(202,679)
Fund balances at end of year	$ 599,806

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
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	$ (794,520)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation of $285,997 exceeded capital outlays of $128,174 in the current period.	(157,823)
In the Statement of Activities, the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold $83,359, net of related accumulated depreciation of $81,019.	(2,340)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	4,321
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences.	(97,263)
Governmental funds report inventory using the purchases method which records pharmaceutical supplies as an expenditure immediately when purchased. The Statement of Activities reports inventory on the consumption method which records pharmaceutical supplies as an expenditure when the supplies are used. This is the amount by which the expense under the comsumption method of $1,649,179 exceeds the pharmaceutical supplies expense under the purchases method of $1,446,500.	(202,679)
Change in net assets of governmental activities	$ (1,250,304)

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "G"

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund					
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental	$ 20,884,481	$ (95,540)	$ 20,788,941	$ 19,788,651	$ 21,193,699	$ (404,758)
Other revenues	1,316,903	-	1,316,903	1,180,000	1,407,326	(90,423)
Total revenues	22,201,384	(95,540)	22,105,844	20,968,651	22,601,025	(495,181)
EXPENDITURES:						
Adult services	5,115,524	(38,395)	5,077,129	4,088,608	5,065,333	(11,796)
Developmental disabilities	4,025,407	(10,238)	4,015,169	3,950,634	4,031,498	16,329
Community support	4,021,366	(10,591)	4,010,775	3,764,203	4,265,005	254,230
Administration	2,802,630	(10,516)	2,792,114	2,667,723	2,706,381	(85,733)
Access	866,930	(11,970)	854,960	684,950	877,136	22,176
Children and family	4,047,830	(28,684)	4,019,146	3,732,519	4,130,014	110,868
Medical services	2,116,217	14,854	2,131,071	2,130,014	2,072,156	(58,915)
Total expenditures	22,995,904	(95,540)	22,900,364	21,018,651	23,147,523	247,159
Net change in fund balances	(794,520)	-	(794,520)	(50,000)	(546,498)	(248,022)
Fund balances at beginning of year	1,597,005	-	1,597,005			
Decrease in reserve for inventory	(202,679)	-	(202,679)			
Fund balances at end of year	$ 599,806	$ -	$ 599,806			

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Jefferson Parish Human Services Authority (the Authority) was created on July 1, 1991, in accordance with Act 458 of the 1989 Regular Session and Act 94 of the 1990 Regular Session of the Louisiana Legislature. Act 238 of the 1992 Regular Session of the Louisiana Legislature extended all statutory authority for the existence of the Authority until July 1, 1998, with Act 723 of the 1995 Regular Session of the Louisiana Legislature repealing the "sunset clause". The Authority was created as a Special Parish District to direct the operation and management of outpatient services, developmental disabilities, community support, and special services for Jefferson Parish.

Reporting Entity

Due to its fiscal dependency on the State of Louisiana, the Authority has been determined to be a component unit of the reporting entity of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information from the State of Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the State of Louisiana's financial reporting entity. The Authority has no component units.

Basis of Presentation

The accompanying financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. Application of GAAP often requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The State of Louisiana and its components have adopted the provisions of GASB Statement No. 34, Statement No. 37 and Interpretation No. 6 effective July 1, 2001. This statement calls for significant changes to a governmental entity's financial presentation format, including the requirement for management's discussion and analysis and presentation of "government-wide" financial statements (statement of net assets and statement of activities) on a full accrual basis of accounting. A more complete discussion of the government-wide financial statements is presented below.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information about the Authority as a whole.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities. Program revenues include: (1) charges for services which report fees and other charges to users of the Authority's services and (2) operating grants and contributions which finance annual operating activities. These revenues are subject to externally imposed restrictions to these program uses. State appropriation, Jefferson Parish administrative agreements and other revenue sources not properly included with program revenues are reported as general revenues.

The government-wide statements report using the economic resources measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or non-current) associated with the government's activities are reported. Fund equity is classified as net assets. Government activities are presented using the accrual basis of accounting, the Statement of Net Assets and Statement of Activities present revenues, expenses, and fixed assets as follows: Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, except for donated assets which are recorded at their estimated fair value at the date of donation.

Fund Financial Statements:

Fund financial statements are provided for governmental funds. Governmental entities use fund accounting to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with self-balancing accounts. Currently, the Authority has only one fund, the general fund, which is used to account for all financial resources and expenditures.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements: (Continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt is recognized when due.

Budgetary Data

For the year ended June 30, 2004, the Authority adopted an annual budget for the General Fund. The budget is legally enacted and amended through a meeting of the Board of Governors. The budgetary information included in the financial statements includes the originally adopted budget and the final budget following amendments.

The budget is prepared primarily on the modified accrual basis of accounting with two exceptions, principally the cash basis for payroll expenditures and certain unbudgeted revenues and expenditures. The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (Budgetary Basis) – General Fund presents comparisons of the legally adopted budget with actual data on the budgetary basis. Budgeted amounts are as originally adopted and as finally amended by the Board of Governors.

Because the legally prescribed budgetary basis differs materially from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis. A reconciliation of the differences between the budgetary and generally accepted accounting principles basis is presented in Note 11.

Cash

The Authority is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash (Continued)

At June 30, 2004, the carrying amount of the Authority's deposits was $425,733 and the bank balance was $573,985. Of the bank balances, $100,000 was covered by federal depository insurance, and $473,985 was covered by collateral held by the pledging institution's agent in the Authority's name.

Receivables

No allowance has been made for uncollectible receivables as it has been the Authority's experience that all amounts are collected in full.

Investments

The Authority is authorized under state law to invest in United States bonds, treasury notes, and other federally insured investments. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value as determined by quoted market prices; except that short-term, highly liquid investments that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost.

Inventory

Inventory consists of expendable pharmaceutical supplies held for consumption and are carried at cost on a first-in, first-out basis. The government-wide financial statements report the cost as an expenditure at the time the individual inventory items are used. In the fund financial statements, the cost is recorded as an expenditure when purchased. Inventories reported in the General Fund are offset by a fund balance reserve which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

Capital Assets and Depreciation

For the government-wide financial statements, capital assets with a cost of $1,000 or more are recorded at cost in the statement of net assets. Depreciation is computed using the straight-line method over estimated useful lives of 10 to 15 years for leasehold improvements and 5 to 7 years for furniture and equipment.

In the fund financial statements, capital assets are recorded as expenditures in the governmental funds at the time purchased.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Compensated absences consist of annual leave and compensatory leave and are accrued at year-end according to leave policy. The accrued leave is valued at wage rates plus any payments required to be made by the Authority, including Social Security, Medicare and pension payments. At June 30, 2004, employees of the Jefferson Parish Human Services Authority had accumulated and vested $714,457 in leave privileges. Compensated absences are reported as accrued liabilities in government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

Reserve for Encumbrances

Encumbrances are not recorded; therefore, no reservation of fund balance is necessary.

Designated Fund Balances

Designated governmental fund balances represent tentative plans for future use of financial resources. Such plans are subject to change and may never be legally authorized or result in expenditures.

(2) CAPITAL ASSETS

A summary of changes in capital assets and accumulated depreciation follows:

	Balance at June 30, 2003	Additions	Deletions	Adjustments	Balance at June 30, 2004
Furniture and equipment	$ 886,504	$ 128,174	$ (83,359)	$ 11,097	$ 942,416
Equipment under capital lease	22,246	-	-	(11,097)	11,149
Leasehold improvements	1,678,402	-	-	-	1,678,402
	2,587,152	128,174	(83,359)	-	2,631,967
Less: Accumulated depreciation	1,235,803	285,997	(81,019)	-	1,440,781
Net capital assets	$ 1,351,349	$ (157,823)	$ (2,340)	$ -	$ 1,191,186

(2) CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2004 has been charged to functions as follows:

Adult services	$ 38,430
Development disabilities	10,802
Community support	9,060
Administration	186,311
Access	5,289
Children and family	31,609
Medical services	4,496
	$ 285,997

(3) SIGNIFICANT ACCOUNTING ESTIMATES

As further described in Note 9, the Authority has use of the buildings for the Westbank clinic to operate. The Authority has capitalized improvements to the facility. The Authority has no agreed term for the use of the building. The useful life of the leasehold improvements is 15 years. Actual life of the improvements may differ materially from the life of 15 years and could result in a material adjustment to future results of operations if the lease is terminated any time before 15 years.

(4) LONG-TERM LIABILITIES

A summary of long-term liabilities is as follows:

	Balance at June 30, 2003	Increase	Decrease	Balance June 30, 2004	Amounts Due Within OneYear
Capital Lease Obligations	$ 8,261	$ -	$ (4,321)	$ 3,940	$ 3,940
Compensated absences	617,194	97,263	-	714,457	544,000
	$ 625,455	$ 97,263	$ (4,321)	$ 718,397	$ 547,940

(5) LEASES

Operating Leases

The Authority has entered into two operating leases for office facilities which expire on April 30, 2006 and October 31, 2008. Future minimum lease payments required under these leases are as follows:

Years ended June 30,	
2005	$ 583,440
2006	498,732
2007	75,192
2008	75,192
2009	25,064
	$ 1,257,620

The total amount charged to property rent as a result of these leases was $555,243 for the year ended June 30, 2004. In addition, the lease requires payments for operating expenses of the building after they exceed a set limit. The Authority cannot estimate the lessor's additional operating expenses. Therefore no rent expense is accrued for these contingent payments. Additional charges paid under this lease for the year ended June 30, 2004 was $9,653.

Capital Leases

The Authority is the lessee of office equipment under capital leases. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset in government-wide financial statements. Minimum future lease payments under these capital lease obligations are as follows:

Year ended June 30,	
2005	$ 4,069
Total minimum lease payments	4,069
Less amount representing interest	(129)
Present value of future payments	$ 3,940

Amortization of the leased property in the amount of $4,333 for the year ended June 30, 2004 is included in depreciation expense.

(6) FUND BALANCE

Designated

Designations of funds are used to show the amounts within unreserved equity which are intended to be used for specific purposes. At June 30, 2004, the majority of the Authority's unreserved fund balance was designated by the Board of Governors as follows:

- $100,000 designated for building repairs.

(7) DEFINED BENEFIT PENSION PLAN

Employees of the Authority participate in either the Louisiana State Employees' Retirement System (LASERS) or the Teachers' Retirement System of Louisiana (TRS).

LASERS was established on July 1, 1947, and is a cost-sharing multiple-employer defined benefit plan administered by a board of trustees. It is a system for classified and unclassified employees of state government. Employees are eligible for a service retirement annuity upon reaching age 60 or thereafter, and 25 years or more service credit or completion of 30 years or more credited service. The system is supported by contributions of its members and the State. The member contribution as of June 30, 2004, amounted to 7.5 percent of State employees' gross salaries, and the State contribution was 15.8 percent.

Annual retirement benefits consist primarily of 2.5 percent times the average annual compensation times year of creditable service. Average compensation is defined as the average annual compensation for the period of 36 consecutive months during which aggregate compensation was greatest. The plan also provides, based on a percentage of the average annual compensation, certain disability and survivor benefits.

TRS was established on August 1, 1936, and is also a cost-sharing multiple-employer defined benefit plan administered by a board of trustees. It is supported by contributions of its members and the State. The annual maximum retirement benefit for those who retired at age 65 with 20 years service or at age 55 with 25 years service or at any age after 30 years service is 2.5 percent times the years of creditable service, including certified sick leave service, but excluding unused accumulated annual and sick leave. However, no retirement benefit can exceed 100 percent of the member's average salary for the highest 36 successive months. The plan also provides for disability and survivor benefits.

The Authority's covered payroll and total payroll for the year ended June 30, 2004, for all employees follows:

Pension Plan	Covered Payroll	Total Payroll
Louisiana State Employees' Retirement System	$ 7,944,067	$ 8,843,519

(7) DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer and employee contributions to the retirement system during the year ended June 30, 2004 are as follows:

Pension Plan	Employer Contributions	% of Eligible Salary	Employee Contributions	% of Eligible Salary
Louisiana State Employees' Retirement System	$ 1,254,838	15.8 %	$ 595,639	7.5 %

The Authority did not have any participants in the TRS system during the year ended June 30, 2004.

The retirement systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 and the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provision of the Louisiana Constitution of 1974.

The contribution requirements of plan members and the Authority are established and may be amended by the State Legislature. The Legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. The Authority's employer contributions to LASERS for the years ended June 30, 2003, 2002 and 2001 were $996,852, $805,806, and $771,548, respectively, and to TRS for the years ended June 30, 2003, 2002 and 2001 were $20,358, $20,358 and $22,295, respectively, equal to the required contribution for each year for the retirement system.

(8) POST-RETIREMENT EMPLOYEE BENEFITS

The Authority provides certain continuing health care and life insurance benefits for its retired State employees. Substantially all of the Authority's State employees become eligible for these benefits if they reach normal retirement age while working for the Authority. The retired employee has the option of using the State-funded insurance policies or an outside insurance company for the applicable coverage desired. The premiums to cover these insurance policies are partially paid by the State after the employee retires. As of June 30, 2004, sixteen employees were eligible to receive post-retirement benefits.

Employer contributions applicable to these benefits for the year ended June 30, 2004, was $85,571.

(9) RELATED PARTY TRANSACTIONS

State of Louisiana, Department of Health and Hospitals

The State of Louisiana, through the governor's office, approves the appointment of 3 of the 12 members of the Board of Governors of the Authority. A material part of the Authority's revenues are received from State appropriation. The State appropriation, including amounts received from the Department of Health and Hospitals for the year ended June 30, 2004, provided actual revenues of $16,618,684 (75 percent of total revenues). Revenue receivable from the State of Louisiana totaled $641,122 as of June 30, 2004.

Other services provided by the Department of Health and Hospitals at no cost to the Authority included the maintenance of certain accounting records, retirement plan administration, insurance plan administration, and legal services provided by General Counsel. The Department also provided the Authority with various types of equipment and office furniture.

Jefferson Parish

Jefferson Parish, through the parish council office, approves the appointment of 9 of the 12 members of the Board of Governors. Under administrative agreements with Jefferson Parish, the Authority received $1,507,431 of revenue for the year ended June 30, 2004. Jefferson Parish did not owe the Authority any funds as of June 30, 2004 related to these agreements.

The Authority also received from Jefferson Parish $768,993 for agreements entered into with Jefferson Parish and local law enforcement agencies. Jefferson Parish owed the Authority $144,101 as of June 30, 2004 under these agreements.

Other services provided by Jefferson Parish at no cost to the Authority included legal counsel by the Jefferson Parish Attorney's Office, use of various types of equipment and office furniture, and buildings for the Westbank clinic to operate.

(10) COMMITMENTS

The Authority has an employment agreement with the Executive Director which terminates February 8, 2006. The remaining commitment at June 30, 2004 is $327,833.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

(11) BUDGETARY REPORTING BASIS

The Board of Governors of the Jefferson Parish Human Services Authority develops the annual budget for the Authority. The budget is prepared primarily on the modified accrual basis of accounting (budget basis). Budgetary control over expenditures is exercised by the Authority on a departmental basis. The actual results of operations are presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund in accordance with the budget basis to provide a meaningful comparison of actual results of the budget. The differences between the modified accrual basis (budget basis) and GAAP are principally the cash basis recognition of payroll expenditures and certain unbudgeted revenues and expenditures. Adjustments necessary to convert the results of operations and fund balances at the end of the year on the GAAP basis to the budget basis are as follows:

	General Fund
Revenues on GAAP basis	$ 22,201,384
Net accruals	
Intergovernmental revenue	
Department of Health and Hospitals	(95,540)
Revenues on budget basis	$ 22,105,844
Expenditures on GAAP basis	$ 22,995,904
Net accruals	
Personnel	(95,540)
Expenditures on budget basis	$ 22,900,364

(12) RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, and natural disasters for which the Authority participates in the State of Louisiana's Office of Risk Management Insurance Fund.

The Authority pays insurance premiums to the State of Louisiana, Office of Risk Management to cover risks that may occur in normal operations. The State pays premiums to the state's self-insurance program and to various insurance agencies for stop-loss coverages. Information related to risk management is reported in the State of Louisiana Comprehensive Annual Financial Report.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund					
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance Favorable (Unfavorable)
INTERGOVERNMENTAL REVENUES:						
State of Louisiana	$ 16,618,684	$ (95,540)	$ 16,523,144	$ 16,363,961	$ 16,581,685	$ (58,541)
Jefferson Parish	1,507,431	-	1,507,431	1,424,690	1,507,431	-
Jefferson Parish Other	748,963	-	748,963	590,391	813,679	(64,716)
Jefferson Parish Sheriff	20,030	-	20,030	20,030	20,030	-
U.S. Department of Housing and Urban Development	594,743	-	594,743	541,821	781,224	(186,481)
U.S. Dept of Health and Hospitals	158,584	-	158,584	38,149	158,584	-
Passed through the Louisiana Department of Health and Hospitals	290,986	-	290,986	79,001	347,534	(56,548)
Passed through the City of New Orleans	676,721	-	676,721	462,269	715,193	(38,472)
Passed through the Louisiana Department of Social Services	268,339	-	268,339	268,339	268,339	-
Total intergovernmental revenues	20,884,481	(95,540)	20,788,941	19,788,651	21,193,699	(404,758)
OTHER REVENUES:						
Patient service fees	1,082,704	-	1,082,704	1,180,000	1,212,760	(130,056)
Other revenues	219,811	-	219,811	-	194,566	25,245
Investment income	14,388	-	14,388	-	-	14,388
Total other revenues	1,316,903	-	1,316,903	1,180,000	1,407,326	(90,423)
Total revenues	$ 22,201,384	$ (95,540)	$ 22,105,844	$ 20,968,651	$ 22,601,025	$ (495,181)

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund					
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance Favorable (Unfavorable)
ADULT SERVICES:						
Operating services	$ 362,474	-	$ 362,474	$ 135,077	$ 383,102	$ 20,628
Supplies	34,250	-	34,250	18,873	33,799	(451)
Acquisitions	9,518	-	9,518	5,000	16,876	7,358
Professional/contract services	122,126	-	122,126	352,785	150,735	28,609
Personnel	4,317,959	(38,395)	4,279,564	3,546,784	4,184,801	(94,763)
Travel	269,197	-	269,197	30,089	296,020	26,823
Total adult services	5,115,524	(38,395)	5,077,129	4,088,608	5,065,333	(11,796)
DEVELOPMENTAL DISABILITIES:						
Operating services	35,502	-	35,502	29,218	29,218	(6,284)
Supplies	44,751	-	44,751	15,941	15,941	(28,810)
Acquisitions	12,540	-	12,540	5,000	2,500	(10,040)
Professional/contract services	2,855,371	-	2,855,371	2,944,634	2,997,486	142,115
Personnel	1,047,270	(10,238)	1,037,032	936,000	965,697	(71,335)
Travel	29,973	-	29,973	19,841	20,656	(9,317)
Total developmental disabilities	4,025,407	(10,238)	4,015,169	3,950,634	4,031,498	16,329
COMMUNITY SUPPORT:						
Operating services	121,225	-	121,225	24,020	181,753	60,528
Supplies	8,236	-	8,236	6,023	25,832	17,596
Acquisitions	2,525	-	2,525	5,000	23,500	20,975
Professional/contract services	3,113,653	-	3,113,653	3,143,397	3,233,119	119,466
Personnel	752,105	(10,591)	741,514	564,961	768,983	27,469
Travel	23,622	-	23,622	20,802	31,818	8,196
Total community support	4,021,366	(10,591)	4,010,775	3,764,203	4,265,005	254,230
ADMINISTRATION:						
Operating services	837,408	-	837,408	765,705	803,032	(34,376)
Supplies	54,376	-	54,376	35,172	35,172	(19,204)
Acquisitions	123,037	-	123,037	136,260	138,251	15,214
Professional/contract services	329,761	-	329,761	255,486	363,507	33,746
Personnel	1,436,876	(10,516)	1,426,360	1,436,790	1,342,486	(83,874)
Travel	21,172	-	21,172	38,310	23,933	2,761
Total administration	2,802,630	(10,516)	2,792,114	2,667,723	2,706,381	(85,733)

See Auditors' Report

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund					
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance Favorable (Unfavorable)
ACCESS:						
Operating services	16,995	-	16,995	15,407	15,407	(1,588)
Supplies	6,623	-	6,623	5,519	5,519	(1,104)
Acquisitions	9,845	-	9,845	2,500	8,494	(1,351)
Professional/contract services	179,678	-	179,678	141,150	202,400	22,722
Personnel	646,842	(11,970)	634,872	515,786	640,728	5,856
Travel	6,947	-	6,947	4,588	4,588	(2,359)
Total access	866,930	(11,970)	854,960	684,950	877,136	22,176
CHILDREN & FAMILY:						
Operating services	121,376	-	121,376	53,479	121,871	495
Supplies	133,820	-	133,820	33,775	58,015	(75,805)
Acquisitions	34,674	-	34,674	5,000	18,538	(16,136)
Professional/contract services	1,324,707	-	1,324,707	1,719,391	1,616,443	291,736
Personnel	2,308,515	(28,684)	2,279,831	1,886,163	2,228,330	(51,501)
Travel	124,738	-	124,738	34,711	86,817	(37,921)
Total children & family	4,047,830	(28,684)	4,019,146	3,732,519	4,130,014	110,868
MEDICAL SERVICES:						
Operating services	60,568	-	60,568	25,220	25,220	(35,348)
Supplies	1,457,651	-	1,457,651	1,520,166	1,470,166	12,515
Acquisitions	3,251	-	3,251	2,500	2,500	(751)
Professional/contract services	192,354	-	192,354	203,672	209,872	17,518
Personnel	401,072	14,854	415,926	377,450	363,392	(52,534)
Travel	1,321	-	1,321	1,006	1,006	(315)
Total medical services	2,116,217	14,854	2,131,071	2,130,014	2,072,156	(58,915)
Total expenditures	$ 22,995,904	$ (95,540)	$ 22,900,364	$ 21,018,651	$ 23,147,523	$ 247,159

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Disbursements/ Expenditures	
U.S. Department of Housing and Urban Development				
Direct program:				
Supportive Housing Program	14.235	LA48B00-3026	$ 236,146	*
Pass-through program from:				
Unity for the Homeless, Inc.				
Supportive Housing Program	14.235	LA48B-20-3015	358,596	*
City of New Orleans, Mayor's Office of Health Policy				
Housing Opportunities for Persons with AIDS	14.241	03-DHND-014/04-DHND-039	237,657	
Total pass-through programs			596,253	
Total U.S. Department of Housing and Urban Development			832,399	
U.S. Department of Health and Human Services				
Direct program:				
Substance Abuse and Mental Health Services	93.243	5H79TI12730-02/5H79TI12730-03	158,584	
Pass-through program from:				
City of New Orleans, Mayor's Office of Health Policy				
HIV Emergency Relief Project Grants	93.914	03-HLTH-042/04-HLTH-024	439,063	*
Louisiana Department of Social Services, Office of Community Services				
Promoting Safe and Stable Families	93.556	581689	268,339	
Louisiana Department of Health and Hospitals, Office of Public Health				
HIV Prevention Activities Health Department Based	93.940	565829/606414	73,972	
Maternal and Child Health Federal Consolidated Programs	93.110	603670	125,062	
Total pass-through programs			906,436	
Total U.S. Department of Health and Human Services			1,065,020	
Total expenditures of federal awards			$ 1,897,419	

* **Major Program**

See Auditors' Report and accompanying NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jefferson Parish Human Services Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Subrecipients

The Jefferson Parish Human Services Authority provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided
Supportive Housing Program	14.235	$ 277,055
Promoting Safe and Stable Families	93.556	265,000
		$ 542,055

Schedule "4"

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

CONTENTS

See Auditors' Report

09-300
Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20 04

Jefferson Parish Human Services Authority
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jennifer Kopke, Executive Director (Name) (Title) of Jefferson Parish Human Services Authority (Agency) who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of (agency) at June 30, 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 27th day of August, 2004.

Signature of Agency Official

NOTARY PUBLIC 8/1/07

Prepared by: Richard Totorico

Title: Administrative Director

Telephone No.: (504) 838-5223

Date: August 27, 2004

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

SECTION IS NOT APPLICABLE – See Management's Discussion and Analysis contained in the accompanying basic financial statements.

The Management's Discussion and Analysis of the ______________'s (BTA) financial performance presents a narrative overview and analysis of ______________'s (BTA) financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter presented on pages ___ - ____ and the _______________'s (BTA) financial statements, which begin on page ____.

FINANCIAL HIGHLIGHTS

★ The _______________'s (BTA) assets exceeded its liabilities at the close of fiscal year 2004 by _____________ which represents a __% increase from last fiscal year. The net assets decreased by $__________ (or __%).

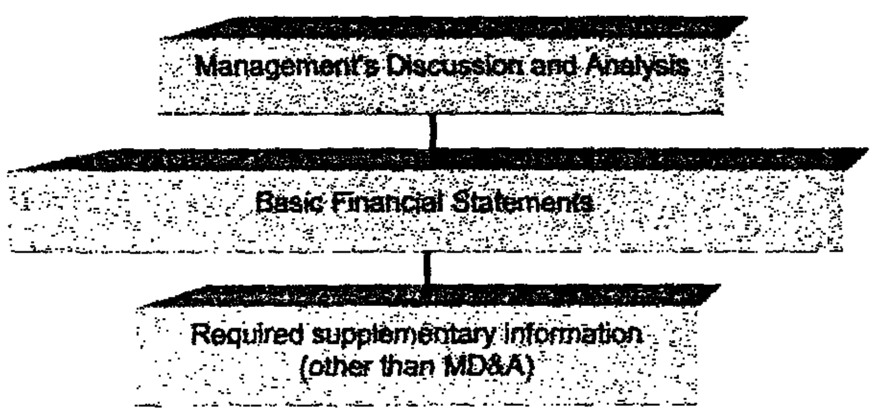
★ The _______________'s (BTA) revenue increased $____________ (or __%) and the net results from activities increased by $______________ (or __%).

★

★

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



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.

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Basic Financial Statements

The basic financial statements present information for the ___________ (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (pages __ - __) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the ___________ (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (pages __ - __) presents information showing how __________'s (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages __ - __) presents information showing how _____________'s (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, ____
(in thousands)

	Total	
	2004	2003
Current and other assets	$	$
Capital assets		
Total assets	0	0
Other liabilities		
Long-term debt outstanding		
Total liabilities	0	0
Net assets:		
Invested in capital assets, net of debt		
Restricted		
Unrestricted		
Total net assets	$ 0	$ 0

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Net assets of __________'s (BTA) decreased by $_______, or ___%, from June 30, 2003 to June 30, 2004. *One of the major causes of this decrease is the inclusion of infrastructure assets. This class of asset, which includes roads, bridges, and levees, was not included in general fixed assets of __________ (BTA) under the basis of accounting prior to adoption of GASB Statement 34. Other causes include ________________.*

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, ___
(in thousands)

	Total	
	2004	**2003**
Operating revenues	$	$
Operating expenses		
Operating income(loss)		
Non-operating revenues(expenses)		
Income(loss) before transfers		
Transfers in		
Transfers out		
Net increase(decrease) in net assets	$	$

The __________'s (BTA) total revenues increased by $ ______ or (___%). The total cost of all programs and services increased by $___ _______ or less than ___%.

STATEMENT OF CASH FLOWS

another way to assess the financial health of BTA is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004

Statement of Cash Flows
(in thousands)

	2004	2003
Cash and cash equivalents provided used by:		
Operating activities		
Capital Financial Activities	$	$
Non-capital financing activities		
Investing activities		$
Net increase in cash and cash equivalents		
Cash and cash equivalents		
Beginning of year		
End of year	$	$

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the ____________ (BTA) had $_______ invested in a broad range of capital assets, including ____. (See Table below) This amount represents a net increase (including additions and deductions) of $__________, or ___%, over last year.

Capital Assets at Year-end
(Net of Depreciation, in thousands)

	2004	2003
Land	$	$
Buildings and improvements		
Equipment		
Infrastructure		
Totals $	$ -	$ $ -

This year's major additions included (in thousands):

-
-
-

Debt

The ____________ (BTA) had $ _____ thousand in bonds and notes outstanding at year-end, compared to $_______ thousand last year, an increase of _____ % as shown in the table below.

Outstanding Debt at Year-end
(in thousands)

	2004	2003
General Obligation Bonds	$	$
Revenue Bonds and Notes		
Totals $	$ -	$ $ -

New debt resulted from ______________________________.

The ____________ (BTA)'s bond rating continues to carry the ________rating for general obligation bonds, and ____________rating for other debt.

The____________ (BTA) has claims and judgments of $_________________ outstanding at year-end compared with $______ last year. Other obligations include accrued vacation pay and sick leave.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately $___ million over/under budget and expenditures were more than/less than budget due in part to ______________________________.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The ____________'s (BTA) elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

-
-
-

The ____________ (BTA) expects that next year's results will improve based on the following :

-
-
-

CONTACTING THE _______________'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the ________________'s (BTA) finances and to show the ___________'s (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact_____________________________.

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
BALANCE SHEET
AS OF JUNE 30, 2004

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note C1)	$	427,825
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		1,319,812
Due from other funds (Note Y)		
Due from federal government		95,678
Inventories		187,027
Prepayments		
Notes receivable		
Other current assets		
Total current assets		2,030,342
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		858,633
Machinery and equipment		332,553
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		1,191,186
Total assets	$	3,221,528
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	1,430,536
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		544,000
Capital lease obligations - (Note J)		3,940
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		1,978,476
NON-CURRENT LIABILITIES:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		170,457
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		170,457
Total liabilities		2,148,933
NET ASSETS		
Invested in capital assets, net of related debt		1,187,246
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		(114,651)
Total net assets		1,072,595
Total liabilities and net assets	$	3,221,528

The accompanying notes are an integral part of this financial statement.

Statement A

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

OPERATING REVENUES	
Sales of commodities and services	$ 1,452,837
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	2,601,239
Total operating revenues	4,054,076
OPERATING EXPENSES	
Cost of sales and services	20,438,505
Administrative	2,724,846
Depreciation	285,997
Amortization	
Total operating expenses	23,449,348
Operating income(loss)	(19,395,272)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	16,618,684
Intergovernmental revenues (expenses)	1,507,431
Taxes	
Use of money and property	14,388
Gain (loss) on disposal of fixed assets	(2,340)
Federal grants	
Interest expense	
Other	6,805
Total non-operating revenues(expenses)	18,144,968
Income(loss) before contributions and transfers	(1,250,304)
Capital contributions	
Transfers in	
Transfers out	
Change in net assets	(1,250,304)
Total net assets – beginning as restated	2,322,899
Total net assets – ending	$ 1,072,595

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	$ 23,449,348	$ 1,452,837	$ 2,601,239	$	$ (19,395,272)

General revenues:	
Taxes	
State appropriations	16,618,684
Grants and contributions not restricted to specific programs	
Interest	14,388
Miscellaneous	1,511,896
Special items	
Transfers	
Total general revenues, special items, and transfers	18,144,968
Change in net assets	(1,250,304)
Net assets - beginning	2,322,899
Net assets - ending	$ 1,072,595

The accompanying notes are an integral part of this financial statement.

Statement C

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Cash flows from operating activities		
Cash received from customers	$ 1,456,678	
Cash payments to suppliers for goods and services		
Cash payments to employees for services		
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	(20,189,660)	
Net cash provided(used) by operating activities		(18,732,982)
Cash flows from non-capital financing activities		
State appropriations	16,618,569	
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other	1,514,236	
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		18,132,805
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(128,174)	
Proceeds from sale of capital assets		
Capital contributions		
Other	(4,321)	
Net cash provided(used) by capital and related financing activities		(132,495)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	14,388	
Net cash provided(used) by investing activities		14,388.00
Net increase(decrease) in cash and cash equivalents		(718,284.00)
Cash and cash equivalents at beginning of year		1,146,109.00
Cash and cash equivalents at end of year		$ 427,825.00

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ (19,395,272)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	285,997	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(90,095)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories	202,679	
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	166,446	
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable	97,263	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (18,732,982)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	-

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
Notes to the Financial Statement
As of and for the year ended June 30, 2004

INTRODUCTION

The Jefferson Parish Human Services Authority was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 28:831. The following is a brief description of the operations of Jefferson Parish Human Services Authority which includes the parish/parishes in which the Authority is located:

Jefferson Parish Human Services Authority operates clinics and pharmacies for mental health, alcohol and drug addiction in Jefferson Parish.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 Jefferson Parish Human Services Authority present information only as to the transactions of the programs of the Jefferson Parish Human Services Authority as authorized by Louisiana statutes and administrative regulations.

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 Jefferson Parish Human Services Authority are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

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

The appropriations made for the operations of the various programs of the Jefferson Parish Human Services Authority are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

		APPROPRIATIONS
Original approved budget	$	21,018,651
Amendments:		855,469
		840,468
		121,541
		311,394
Final approved budget	$	23,147,523

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Jefferson Parish Human Services Authority may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Authority 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.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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. 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 held by the State Treasurer.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**
Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**
Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it

should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial

institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2004, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits in bank accounts per balance sheet	$ 425,733	$ -	$ -	$ 425,733.00
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	$	$	$	$ -
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name				-
Total category 3 bank balances	$ -	$ -	$ -	$ -
Total bank balances (All categories including category 3 reported above)	$ 425,733	$ -	$ -	$ 425,733.00

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

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

	Banking institution	Program	Amount
1.	Bank One	Operating - 0700347771	$ 0
2.	Bank One	Ancillary - 0700343598	0
3.	Bank One	Sweep - 0700909109	573,985
4.			
Total			$ 573,985

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury $ 0
Petty cash $ 2,092

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
Notes to the Financial Statement
As of and for the year ended June 30, 2004

2. INVESTMENTS – Not Applicable

The ______________________________ (BTA) does/does not maintain investment accounts as authorized by__________________(Note legal provisions authorizing investments by (BTA)).

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out separately. However, the total reported amount and fair value columns still must be reported for total investments (including category 3).

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name. **(separate disclosure no longer required)**

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name. **(separate disclosure no longer required)**

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name. **(separate disclosure still required)**

NOTE: GASB Statement 40 requires investments to be listed by type, and whether any of those are category 3 investments. If so, those category 3 investments are reported in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

	Amount Reported in Risk Category 3, If Any			
Type of Investment	Held by Counterparty	Held by Counterparty's Trust Dept. or Agent ~~Not in~~ Entity's Name	Total Reported Amount - All Categories (Including Category 3)	Total Fair Value - All Categories (Including Category 3)
Repurchase agreements	$	$	$	$
U.S. Government securities				
Common & preferred stock				
Commercial paper				
Corporate bonds				
Other: (identify)				
Total investments	-	-	$ -	$ -

The institution does/does not (circle one) invest in **derivatives** as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:
credit risk______________________________
market risk______________________________

legal risk______________________________

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
Notes to the Financial Statement
As of and for the year ended June 30, 2004

3. Other Disclosures Required for Investments - Not Applicable

a. Investments in pools managed by other governments or mutual funds______________________
______________________.

b. Securities underlying reverse repurchase agreements______________________
______________________.

c. Unrealized investment losses ______________________
____

d. Commitments as of ____________(fiscal close), to resell securities under yield maintenance repurchase agreements:
   1. Carrying amount and market value at June 30 of securities to be resold ______________
   ____
   2. Description of the terms of the agreement ______________________
   ____
   ____

e. Losses during the year due to default by counterparties to deposit or investment transactions _____
____

f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet
____

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements _________
____

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year ______________________
____

Reverse Repurchase Agreements as of Year-End

i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest ______________________

j. Commitments on ___________(fiscal close), to repurchase securities under yield maintenance agreements ______________________

k. Market value on ___________ (fiscal close), of the securities to be repurchased ____________
____

l. Description of the terms of the agreements to repurchase ______________________
____

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements ______________________
____

n. Amounts recovered from prior-period losses which are not separately shown on the operating statement______________________

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
Notes to the Financial Statement
As of and for the year ended June 30, 2004

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices ____________________

p. Basis for determining which investments, if any, are reported at amortized cost ____________________

q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool ____________________

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ____________________

s. Any involuntary participation in an external investment pool ____________________

t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate ____________________

u. Any income from investments associated with one fund that is assigned to another fund__________

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

v. **Briefly describe the deposit and /or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.**

w. **List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments**____________________

x. **List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)**

y. **Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).**

z. **Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.)**

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY
Notes to the Financial Statement
As of and for the year ended June 30, 2004

aa. **Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.**________________

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2004						
	Balance 6/30/2003	Prior Period Adjustment	Adjusted Balance 7/1/2003	Additions	Transfers*	Retirements	Balance 6/30/2004
Capital assets not being depreciated							
Land		–	–	–	–	–	–
Non-depreciable land improvements	–	–	–	–	–	–	–
Capitalized collections	–	–	–	–	–	–	–
Construction in progress	–	–	–	–	–	–	–
Total capital assets not being depreciated	–	–	–	–	–	–	–
Other capital assets							
Furniture, fixtures, and equipment	908,750	–	908,750	128,174	–	(83,359)	953,565
Less accumulated depreciation	(540,325)	–	(540,325)	(161,706)	–	81,019	(621,012)
Total furniture, fixtures, and equipment	368,425	–	368,425	(33,532)	–	(2,340)	332,553
Buildings and improvements	1,678,402	–	1,678,402	–	–	–	1,678,402
Less accumulated depreciation	(695,478)	–	(695,478)	(124,291)	–	–	(819,769)
Total buildings and improvements	982,924	–	982,924	(124,291)	–	–	858,633
Depreciable land improvements	–	–	–	–	–	–	–
Less accumulated depreciation	–	–	–	–	–	–	–
Total depreciable land improvements	–	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	–	–
Less accumulated depreciation	–	–	–	–	–	–	–
Total infrastructure	–	–	–	–	–	–	–
Total other capital assets	1,351,349	–	1,351,349	(157,823)	–	(2,340)	1,191,186
Capital Asset Summary:							
Capital assets not being depreciated	–	–	–	–	–	–	–
Other capital assets, at cost	2,587,152	–	2,587,152	128,174	–	(83,359)	2,631,967
Total cost of capital assets	2,587,152	–	2,587,152	128,174	–	(83,359)	2,631,967
Less accumulated depreciation	(1,235,803)	–	(1,235,803)	(285,997)	–	81,019	(1,440,781)
Capital assets, net	1,351,349	–	1,351,349	(157,823)	–	(2,340)	1,191,186

* *Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.*

E. INVENTORIES

The unit's inventories are valued at cost. These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS – Not Applicable

Restricted assets in the ______________(BTA) at ________________(fiscal year end), reflected at $___________ in the non-current assets section on Statement A, consist of $___________ in cash with fiscal agent, $___________ in receivables, and $___________ investment in ____ (identify the type investments held.) State the purpose of the restrictions:____.

G. LEAVE

1. COMPENSATED ABSENCES

The Jefferson Parish Human Services Authority has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $1,963. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Authority are members of the Louisiana State Employees Retirement System, a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Authority employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. 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 State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 15.8% of annual covered payroll from the 14.1% and 13% required in fiscal years ended June 30, 2003 and 2002, respectively. The Authority's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were $1,254,838, $996,852, and $805,806, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. *A description of the accounting and funding policies followed for those benefits.*
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

***If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the* cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all Authority *employees become eligible for post employment health care, dental and life* insurance benefits if they reach normal retirement age while working for the Authority. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Authority. For 2004, the cost of providing those benefits for the 16 retirees totaled $85,571.

The Not applicable (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for those benefits if they reach normal retirement age while working for the (BTA). Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the (BTA). *[The (BTA) recognizes the cost of providing these benefits ((BTA)'s portion of premiums) as an expenditure when paid during the year, which was $ N/A for the year ended* N/A, 20___. The cost of providing those benefits for N/A retirees is not separable from the cost of providing benefits for the N/A active employees.] (or, [The (BTA)'s cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended N/A, 20___ *the costs of* N/A *retiree benefits totaled* $ N/A).]

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J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2004 amounted to $555,243. A schedule of payments for operating leases follows:

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010-2014
Office Space	$ 508,248	$ 423,540	$	$	$	$
Office Space	75,192	75,192	75,192	75,192	25,064	
Total	$ 583,440	$ 498,732	$ 75,192	$ 75,192	$ 25,064	$ -

2. CAPITAL LEASES

Capital leases are recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (l) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment	11,149	129	3,940
c. Land			
Total	$ 11,149.00	$ 129.00	$ 3,940.00

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

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Year ending June 30 :		Total
2005	$	4,069
2006		
2007		
2008		
2009		
2010-2014		
2015-2019		
2020-2024		
Total minimum lease payments		4,069
Less amounts representing executory costs		
Net minimum lease payments		4,069
Less amounts representing interest		(129)
Present value of net minimum lease payments	$	3,940

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF – Not Applicable

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Year ending June 30:	Total
2005	$
2006	
2007	
2008	
2009	
2010-2014	
2015-2019	
2020-2024	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE C – LEAF CAPITAL LEASES - Not Applicable

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. *Office space*	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Year ending June 30:	Total
2005	$
2006	
2007	
2008	
2009	
2010-2014	
2015-2019	
2020-2024	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

3. LESSOR DIRECT FINANCING LEASES – Not Applicable

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- *Collectibility of the minimum lease payments is reasonably predictable.*
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	________	$ ________	$ ________	$ ________
b. Equipment	________	________	________	________
c. Land	________	________	________	________

Less amounts representing executory costs	________
Minimum lease payment receivable	-
Less allowance for doubtful accounts	________
Net minimum lease payments receivable	-
Less estimated residual value of leased property	________
Less unearned income	________
Net investment in direct financing lease	$ -

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were $________ for office space, $________ for equipment, and $________ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the *lease as of* __________ *(the last day of your fiscal year):*

Year ending ____________:	
2005	$ ________
2006	________
2007	________
2008	________
2009	________
2010-2014	________
2015-2019	________
2020-2024	________
Total	$ -

4. LESSOR – OPERATING LEASE – Not Applicable

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of __________ 20___:

	Cost	Accumulated depreciation	Carrying amount
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of __________ (the last day of your fiscal year):

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	$	$	$	$	$ -
2006					-
2007					-
2008					-
2009					-
2010-2014					-
2015-2019					-
Total	$ -	$ -	$ -	$ -	$ -

Current year lease revenues received in fiscal year ______ totaled $________________.

Contingent rentals received from operating leases received for your fiscal year was $________________ for office space, $______________for equipment, and $______________for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Year ended June 30, 2004 Additions	Reductions	Balance June 30, 2004	Amounts due within one year
Bonds and notes payable:					
Notes payable	$	$	$	$ --	$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	617,194	97,263		714,457	544,000
Capital lease obligations	8,261		4,321	3,940	3,940
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	625,455	97,263	4,321	718,397	547,940
Total long-term liabilities	625,455	97,263	4,321	718,397	547,940

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A detailed summary, by issues, of all debt outstanding at June 30, 2004, including outstanding interest of $0 is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. LITIGATION – All litigation for any damages is handled by the Office of Risk Management for Jefferson Parish Human Services Authority.

1. The ___________(BTA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	Primary Attorney	Damages Claimed	Insurance Coverage
			$	$
Totals			$ -	$ -

The ____________(BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement):____________________

2. Claims and litigation costs of $ ___________ were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions:

State of Louisiana, Department of Health and Hospitals

The State of Louisiana, through the governor's office, approves the appointment of 3 of the 12 members of the Board of Governors of the Authority. A material part of the Authority's revenues are received from State appropriation. The State appropriation, including amounts received from the Department of Health and Hospitals for the year ended June 30, 2004, provided actual revenues of $16,618,684 (75 percent of total revenues). Revenues receivable from the State of Louisiana totaled $641,122 as of June 30, 2004.

Other services provided by the Department of Health and Hospitals at no cost to the Authority included maintenance of certain accounting records, retirement plan administration, insurance plan administration, and legal services provided by General Counsel. The Department also provided the Authority with various types of equipment and office furniture.

Jefferson Parish

Jefferson Parish, through the parish council office, approves the appointment of 9 of the 12 members of the Board of Governors. Under administrative agreements with Jefferson Parish, the Authority received $1,507,431 of revenue for the year ended June 30, 2004. Jefferson Parish did not owe the Authority any funds as of June 30, 2004 related to these agreements.

The Authority also received from Jefferson Parish $768,993 for agreements entered into with Jefferson Parish and local law enforcement agencies. Jefferson Parish owed the Authority $ 144,101 as of June 30, 2004 under these agreements.

Other services provided by Jefferson Parish at no cost to the Authority included legal counsel by the Jefferson Parish Attorney's Office, use of various types of equipment and office furniture, buildings for the Westbank clinic to operate.

N. ACCOUNTING CHANGES – Not Applicable

Accounting changes made during the year involved a change in accounting ______________ (principle, estimate, error or entity). The effect of the change is being shown in _______________.

O. IN-KIND CONTRIBUTIONS – Not Applicable

(List all in-kind contributions that are not included in the accompanying financial statements.)

In-Kind Contributions	Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor
________	$ ________
________	________
________	________
________	________
________	________
Total	$ -

P. DEFEASED ISSUES – Not Applicable

In _______________, 20____, the ____________________________________(BTA), issued $__________________ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _______________ bonds. In order to refund the bonds, portions of the proceeds of the new issue $_______________, plus an additional $____________of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _______________,_____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost $ ________________ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt)of $________________.

Q. COOPERATIVE ENDEAVORS – Not Applicable

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

Funding Source	Balance June 30, 2004
State General Fund	$
Self-generated revenue	
Statutorily dedicated revenue	
General obligation bonds	
Federal funds	
Interagency transfers	
Other funds/combination	

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – Not Applicable

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2003-2004:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			$
Total government-mandated nonexchange transactions (grants)			$ -

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S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS - Not Applicable

At June 30, 20__, the __________________ (BTA) was not in compliance with the provisions of ______________________________ Bond Reserve Covenant that requires ______________________________. The ______________________________ (BTA) did ______________________ to correct this deficiency.

T. SHORT-TERM DEBT – Not Applicable

The ____________________(BTA) issues short-term notes for the following purpose(s)____________ ____.

Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of S-T debt (e.g., tax anitcipation notes	Beginning Balance	Issued	Redeemed	Ending Balance
____________	$	$	$	$ -

The ______________________(BTA) uses a revolving line of credit for the following to finance ______________________________(list purpose for the S-T debt). Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	$	$	$	$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Adult Services	$	$	$ 593,868.00	$	$ 593,868.00
Developmental Disabilities			157,513.00		157,513.00
Community Support			199,885.00		199,885.00
Administration			41,970.00		41,970.00
Access			22,073.00		22,073.00
Children and Family			286,575.00		286,575.00
Medical Services			17,928.00		17,928.00
					-
Gross receivables	$ -	$ -	$ 1,319,812.00	$ -	$ 1,319,812.00
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	$ -	$ -	$ 1,319,812.00	$ -	$ 1,319,812.00

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Adult Services	$ 59,957	$ 133,587	$	$	$ 193,544
Developmental Disability	293,273	33,824			327,097
Community Support	320,285	26,154			346,439
Administration	98,052	41,970		20,813	160,835
Access	14,001	22,073			36,074
Children & Family	238,944	77,019			315,963
Medical Services	38,856	11,728			50,584
Total payables	$ 1,063,368	$ 346,355	$ -	$ 20,813	$ 1,430,536

W. SUBSEQUENT EVENTS – Not Applicable

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.] ____________________

X. SEGMENT INFORMATION – Not Applicable

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment____________________.

A. Condensed balance sheet:
   (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
   (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
   (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

   Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	$	$
Due from other funds		
Capital assets		
Other assets		
Current liabilities		
Due to other funds		
Long-term liabilities		
Restricted net assets		
Unrestricted net assets		
Invested in capital assets, net of related debt		

B. Condensed statement of revenues, expenses, and changes in net assets:

(1) Operating revenues (by major source).
(2) Operating expenses. Depreciation (including any amortization) should be identified separately.
(3) Operating income (loss).
(4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.

(5) Capital contributions and additions to permanent and term endowments.
(6) Special and extraordinary items.
(7) Transfers
(8) Change in net assets.
(9) Beginning net assets.
(10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	Segment #1	Segment #2
Operating revenues	$	$
Operating expenses		
Depreciation and amortization		
Operating income (loss)	-	-
Nonoperating revenues (expenses)		
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	-	-
Beginning net assets		
Ending net assets	-	-

C. Condensed statement of cash flows:

(1) Net cash provided (used) by:
  (a) Operating activities
  (b) Noncapital financing activities
  (c) Capital and related financing activities
  (d) Investing activities
(2) Beginning cash and cash equivalent balances

STATE OF LOUISIANA
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(3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	Segment #1	Segment #2
Net cash provided (used) by operating activities	$ ______	$ ______
Net cash provided (used) by noncapital financing activities	______	______
Net cash provided (used) by capital and related financing activities	______	______
Net cash provided (used) by investing activities	______	______
Beginning cash and cash equivalent balances	______	______
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS – Not Applicable

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end:

Type of Fund	Name of Fund	Amount
______	______	$ ______
______	______	______
______	______	______
Total due from other funds		$ ______

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
______	______	$ ______
______	______	______
______	______	______
Total due to other funds		$ ______

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
______	______	$ ______
______	______	______
______	______	______
Total transfers from other funds		$ ______

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
______	______	$ ______
______	______	______
______	______	______
Total transfers to other funds		$ ______

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – Not Applicable

Liabilities payable from restricted assets in the ______________(BTA) at __________(fiscal year end), reflected at $______________ in the current liabilities section on Statement A, consist of $____________ in accounts payable, $____________ in notes payable, and $______________ in ____________________.

Liabilities payable from restricted assets in the ____________(BTA) at_________(fiscal year end), reflected at $____________in the non-current liabilities section on Statement A, consist of $__________in accounts payable, $___________ in notes payable, and $____________ in ____________________.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – Not Applicable

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets July 1, 2003, previously reported	Adjustments + or (-)	Beginning net assets, July 1, 2003, As restated
	$	$ --
		--
		--
		--
		--
		--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2004
(Fiscal Close)

Not Applicable

Name	Amount
	$
	$

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2004

1. Non-Payroll State Appropriation	$	5,278,526
2. Payroll State Appropriation		10,892,102
3. DHH Agreements		448,056
4.		
5.		
6.		
7.		
8.		
9.		
10.		
Total	$	16,618,684

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
June 30, 2004
(Fiscal Close)

Not Applicable

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

SCHEDULE 3-A

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF NOTES PAYABLE
June 30, 2004
(Fiscal close)

Not Applicable

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

SCHEDULE 3-B

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF BONDS PAYABLE
June 30, 2004
(Fiscal close)

Not Applicable

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		$	$	$	$		$
Total		$	$	$	$		$

*Send copies of new amortization schedules

SCHEDULE 3-C

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2004
(Fiscal Close)

Not Applicable

Fiscal Year Ending:	Principal	Interest
2005	$	$
2006		
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
Total	$ -	$ -

SCHEDULE 4-A

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2004

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2005	$ 4,069.0	$ 129.0	$ 3,940.0	$ --
2006				--
2007				--
2008				--
2009				--
2010-2014				--
2015-2019				--
2020-2024				--
2025-2029				--
Total	$ 4,069.0	$ 129.0	3,940.0	--

SCHEDULE 4-B

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION

Not Applicable

Fiscal Year Ending:	Principal	Interest
2005	$	$
2006		
2007		
2008		
2009		
2010-2014		
2015-2019		
2020-2024		
2025-2029		
Total	$ -	$ -

SCHEDULE 4-C

STATE OF LOUISIANA
JEFFERSON PARISH HUMAN SERVICES AUTHORITY (BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2004

Not Applicable

Fiscal Year Ending:	Principal	Interest
2005	$	$
2006		
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
Total	$ -	$ -

SCHEDULE 4-D

STATE OF LOUISIANA

JEFFERSON PARISH HUMAN SERVICES AUTHORITY

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	2004	2003	Difference	Percentage Change
1) Revenues	$ 22,199,044	$ 21,161,823	$ 1,037,221	$ 4.7%
Expenses	23,449,348	21,239,680	2,209,668	9.4%
2) Capital assets	1,191,186	1,351,349	(160,163)	(13.4%)
Long-term debt	714,457	621,135	93,322	13.1%
Net Assets	1,072,595	2,322,899	(1,250,304)	(116.6%)

Explanation for change: Capital assets: Current year depreciation expense exceeded capital acquisitions. Long-term debt: Increases in compensated absences. Net assets: Fund balance used for several "special projects" and a reduction in pharmaceutical inventory.

3)	2004 Original Budget	2004 Final Budget	Difference	Percentage Change
Revenues	$ 20,968,651	$ 22,601,025	$ 1,632,374	$ 7.8%
Expenditures	21,018,651	23,147,523	2,128,872	10.1%

Explanation of change: Differences in budgets due to grants added, grants ending, and grant changes. Grant expenses not allocable to grants are charged to State funds.

	2004 Final Budget	2004 Actual Budget	Difference	Percentage Change
Revenues	22,601,025	22,105,844	(495,181)	(2.2%)
Expenditures	23,147,523	22,900,364	247,159	1.1%

Explanation of change:

ERICKSEN KRENTEL & LAPORTE LLP
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KENNETH J. ABNEY*
W. ERIC POWERS

*PROFESSIONAL CORPORATION
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

INDEPENDENT AUDITORS' 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 Governors
Jefferson Parish Human Services Authority
Metairie, Louisiana

We have audited the basic financial statements of the Jefferson Parish Human Services Authority (the Authority), a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 12, 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 Authority's basic 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 the objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 misstatements in amounts that would be material in relation to the basic 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 operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority, in a separate letter dated August 12, 2004.

This report is intended for the information of management, the Board of Governors, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 12, 2004

Ericksen Krentel & LaPorte LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' 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 Governors
Jefferson Parish Human Services Authority
Metairie, Louisiana

Compliance

We have audited the compliance of the Jefferson Parish Human Services Authority (the Authority), a component unit of the State of Louisiana, 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, 2004. The Authority's major federal programs are identified in the summary of auditors' 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 Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority 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, 2004.

The management of the Authority 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 our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Governors, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 12, 2004

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

ERICKSEN KRENTEL & LAPORTE L.L.P.
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August 12, 2004

The Board of Governors
Jefferson Parish Human Services Authority
Metairie, Louisiana

In planning and performing our audit of the financial statements of the Jefferson Parish Human Services Authority for the year ended June 30, 2004, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. We previously reported on the Authority's internal control in our report dated August 12, 2004. This letter does not affect our report dated August 12, 2004, on the financial statements of the Jefferson Parish Human Services Authority.

The accompanying comments and recommendations are intended solely for the information and use of management, the Board of Governors, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

ERICKSEN KRENTEL & LAPORTE LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MEMORANDUM

CELLULAR PHONES

Observations:

Certain department heads and various other employees are provided cellular phones for business use. The Authority does not have a written policy prohibiting or monitoring personal cellular phone usage.

Recommendations:

The Authority should implement a formal written policy regarding the proper use and procedures regarding cellular phones. The policy should include prohibition of personal usage and these policies should be discussed with applicable personnel. Also, current cellular phone plans should be monitored to ensure the appropriate minute package is purchased.

Management's Corrective Action Plan:

Management will create the recommended policy and review it with the applicable personnel. This new procedure will require the signature of the personnel stating they have read and understand the policy and would be kept in their personnel file.

BUSINESS ETHICS

Observations:

Although the Authority indicated they do not participate in any transactions with board members, employees or their immediate family members, they do not have a formal written ethics policy.

Recommendations:

We recommend a written policy be created and reviewed and updated with all employees and board members annually.

Management's Corrective Action Plan:

Management agrees that business ethics are important and should be discussed with all personnel. Management will prepare a memorandum disclosing their expectations of personnel and discuss at the board meeting the best procedure for ensuring all personnel are informed of the policy and expectations.

TIMELINESS OF GRANT EXPENDITURES

Observations:

Per our review of HUD's on site monitoring report of JPHSA dated June of 2004, there are concerns whether the funding is being expended in a timely manner. HUD states there was $299,683 remaining or 36% of the total funding. With only four months remaining on the current contract (at the time of visit), at the current rate of spending, JPHSA will have approximately $200,000 left at the end of the period of availability. Any funds remaining will be de-obligated at that time. Since JPHSA had funds de-obligated in 2002 in the amount of $94,807, another large de-obligation could result in the project not being renewed.

Recommendations:

Management should evaluate whether the program is efficiently servicing the appropriate number of families for which the grant was intended. More effective monitoring of this program by management should be established to ensure funding is expended as budgeted over the life of the contract and to reduce the potential risk of de-obligation of funding.

Management's Corrective Action Plan:

The plan of the Supportive Housing Program to address the HUD concern of slow expenditure of grant funds, will be to accept and house more consumers with a focus on the chronically homeless unaccompanied individual. Management will try to do this through outreach and communication with other agencies such as homeless shelters and the homeless outreach van. Management will provide additional eligible services to and for consumers such as purchasing clothing, furniture, household items, work clothes and shoes, and any additional items needed by the consumer to assist them in getting and maintaining stable housing. Management will also purchase two new vans to be used by the Counselor Aides to continue providing transportation to JPHSA's consumers.

Jefferson Parish
Human Services Authority

AARON F. BROUSSARD
PARISH PRESIDENT

JOSEPH LENTINI
BOARD CHAIRMAN
JENNIFER KOPKE, M.A.
EXECUTIVE DIRECTOR

MANAGEMENT'S CORRECTIVE ACTION PLAN RELATIVE TO MANAGEMENT LETTER ITEMS

August 12, 2004

Louisiana Legislative Auditor

The Jefferson Parish Human Services Authority respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm:

Ericksen, Krentel & LaPorte, L.L.P.
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Ronald H. Dawson, Jr.

Audit Period: 07/01/03 to 06/30/04

The items from the management letter issued for the year ended June 30, 2004 are discussed below.

There was no management letter issued for the year ended June 30, 2003.

Cellular Phones

Recommendation: The Authority should implement a formal written policy regarding the proper use and procedures regarding cellular phones. The policy should include prohibition of personal usage and these policies should be discussed with applicable personnel. Also, current cellular phone plans should be monitored to ensure the appropriate minute package is purchased.

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"AN EQUAL OPPORTUNITY EMPLOYER"

Management's Corrective Action Plan: We will create the recommended policy and review it with the applicable personnel. This new procedure will require the signature of the personnel stating they have read and understand the policy and would be kept in their personnel file.

Business Ethics

Recommendation: We recommend a written policy be created and reviewed and updated with all employees and board members annually.

Management's Corrective Action Plan: We agree that business ethics are important and should be discussed with all personnel. We will prepare a memorandum disclosing our expectations of personnel and discuss at the board meeting the best procedure for ensuring all personnel are of the policy and expectations.

Timeliness of Grant Expenditures

Recommendation: Management should evaluate whether the Supportive Housing Program is efficiently servicing the appropriate number of families for which the grant was intended. More effective monitoring of this program by management should be established to ensure funding is expended as budgeted over the life of the contract and to reduce the potential risk of de-obligation of funding.

Management's Corrective Action Plan: The plan of the Supportive Housing Program to address the HUD concern of slow expenditure of grant funds, will be to accept and house more consumers with a focus on the chronically homeless unaccompanied individual. We will try to do this through outreach and communication with other agencies such as homeless shelters and the homeless outreach van. We will provide additional eligible services to and for consumers such as purchasing clothing, furniture, household items, work clothes and shoes, and any additional items needed by the consumer to assist them in getting and maintaining stable housing. We will also purchase two new vans to be used by the Counselor Aides to continue providing transportation to our consumers.

If you have questions regarding this plan, please call Richard Totorico at (504) 838-5223.

Sincerely,

Richard J. Totorico

Signature

Administrative Director 5

Title