

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1996

INTRODUCTION

The St. John Community Action Agency is a public agency established by a resolution of the St. John the Baptist Parish Council in January 1980. The primary function of the St. John Community Action Agency is to provide services to the low-income, elderly, and handicapped residents of the parish. Such services include providing weatherization assistance, emergency food and shelter assistance, food distribution, and utility and energy assistance. A board of directors consisting of 15 members, who serve five-year terms, governs the agency. Board members receive no compensation for their service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the St. John Community Action Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the St. John the Baptist Parish Council is the financial reporting entity for the St. John the Baptist Parish. The financial reporting entity consists of (a) the primary government (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. John the Baptist Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council**

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
June 30, 1996**

Revenues

Revenues consist primarily of grants from various governmental agencies. In recognizing revenues from grants, expenditure is the prime factor in determining susceptibility to accrual, and revenue is recognized when the related expenditure is incurred. When revenues are received but the expenditure is not incurred, those revenues will be deferred until such time when the expenditure is incurred.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits only. Under state law, the Agency may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. BUDGETS AND BUDGETARY ACCOUNTING

The Agency uses its contractual agreements with other governmental units for budgetary purposes. The Agency does not use encumbrance accounting.

G. COMPENSATED ABSENCES

Employees earn from 12 to 18 days of vacation leave each year, depending on their length of service. Vacation leave must be taken in the year earned and cannot be accumulated. Also, employees earn 6 to 18 days of sick leave per year which can be accumulated and is paid only upon retirement. Compensated absences due employees has not been included in the component unit financial statements as it is a liability of St. John the Baptist Parish Council.

H. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized.

I. TOTAL COLUMNS ON COMBINED STATEMENTS

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

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
June 30, 1996

2. CASH AND CASH EQUIVALENTS

Demand deposits	\$	2,746
Interest-bearing demand deposits		-
Money market accounts		-
Time deposits		-
Totals	\$	<u>2,746</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the Agency has \$2,746 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

3. GENERAL FIXED ASSETS

The following is a summary of the changes in general fixed assets for the year ended June 30, 1996:

	Balance 06/30/95	Additions	Balance 06/30/96
Office furniture	\$ 3,751	\$ -	\$ 3,751
Office equipment	8,791	-	8,791
Totals	<u>\$ 12,542</u>	<u>\$ -</u>	<u>\$ 12,542</u>

4. PENSION PLAN

Plan Description. Substantially all employees of the St. John Community Action Agency are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the council are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980, plus 3 per cent of final-average salary for each year of service

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**ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council
State of Louisiana
Financial Statements
and
Accompanying Information**

**For the Year Ended
June 30, 1996**

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

Release Date JAN 22 1997

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

St. John Community Action Agency

St. John the Baptist Parish Council

Reserve, Louisiana

We have audited the accompanying component unit financial statements of the St. John Community Action Agency, a component unit of the St. John the Baptist Parish Council, at June 30, 1996, and for the year then ended. These component unit financial statements are the responsibility of the management of the St. John Community Action Agency. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the St. John Community Action Agency at June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The combining and individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the St. John Community Action Agency. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

November 5, 1996

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
June 30, 1996

credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established 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 Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Under Plan A, Members are required by statute to contribute 9.5 percent of their annual covered salary and the St. John Community Action Agency is required to contribute at an actuarially determined rate. The current rate is 7.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish (except Orleans and East Baton Rouge Parishes). These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the St. John Community Action Agency are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The St. John Community Action Agency's contributions to the System under Plan A for the year ending June 30, 1996 was \$6,204, which is equal to the required contribution for the year.

5. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The St. John the Baptist Parish Council provides certain continuing health care and life insurance benefits for its retired employees (including agency employees). Substantially all of the Council's employees become eligible for these benefits if they reach normal retirement age while working for the Council. These 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 the Council. Benefits for these employees are paid in full by the Council. The Council recognizes the cost of providing these benefits as an expenditure when paid during the year.

6. FOOD COMMODITIES PROGRAM

The Food Commodities Program is operated by the Agency under an agreement with the United States Department of Agriculture. Under this program, the Agency is responsible for the issuance of food commodities to eligible participants in the Parish. The value of food commodities on hand, received, and issued is not recorded in the accompanying statements. Activity is as follows:

Balance at beginning of year	\$	-
Received		5,631
Issued		<u>(5,631)</u>
Balance at end of year	\$	<u><u>-</u></u>

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
June 30, 1996

Because the council appoints a majority of the St. John Community Action Agency's board of directors, and is financially accountable for the operations of the Community Action Agency, the St. John Community Action Agency was determined to be a component unit of the St. John the Baptist Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the St. John Community Action Agency and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The St. John Community Action Agency uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed 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 a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the St. John Community Action Agency are classified into a governmental fund. In turn, the governmental fund is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all of the Agency's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund - the general operating fund of the St. John Community Action Agency and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition, the General Fund of each component unit is reported as a special revenue fund on the primary government's financial statements.

D. BASIS OF ACCOUNTING

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 are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

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Board of Directors

St. John Community Action Agency

RESPONSE:

The St. John Community Action Agency has reviewed its procedures for submitting expense reports for the CSBG program, and will submit all future expense reports on a timely basis.

This report is intended solely for the use of management, the Louisiana Legislative Auditor and the Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by St. John Community Action Agency, is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

November 5, 1996

**ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council**

**COMBINED BALANCE SHEET
All Fund Types and Account Group
June 30, 1996**

	<u>GOVERNMENTAL FUNDS</u>		<u>ACCOUNT GROUP</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>GENERAL FIXED ASSETS</u>	
Assets				
Cash	\$ 440	\$ 2,306	\$ -	\$ 2,746
Due from other governments:				
St. John Council	842	-	-	842
State of Louisiana-Emergency Food Assistance Program	1,639	-	-	1,639
State of Louisiana-Energy Assistance	-	34,637	-	34,637
State of Louisiana-FEMA Funds	-	5,903	-	5,903
State of Louisiana-Community Service Block Grant	-	8,293	-	8,293
Property and equipment	-	-	12,542	12,542
Total Assets	<u>\$ 2,921</u>	<u>\$ 51,139</u>	<u>\$ 12,542</u>	<u>\$ 66,602</u>
Liabilities and Fund Equity				
Liabilities:				
Due to other governments units	\$ -	\$ 8,293	\$ -	\$ 8,293
Deferred revenue	-	2,257	-	2,257
Accounts payable	-	34,543	-	34,543
Total Liabilities	<u>-</u>	<u>45,093</u>	<u>-</u>	<u>45,093</u>
Fund equity:				
Investment in general fixed assets	-	-	12,542	12,542
Fund balance -				
Reserved	-	6,046	-	6,046
Unreserved-undesignated	2,921	-	-	2,921
Total fund equity	<u>2,921</u>	<u>6,046</u>	<u>12,542</u>	<u>21,509</u>
Total Liabilities and Fund Equity	<u>\$ 2,921</u>	<u>\$ 51,139</u>	<u>\$ 12,542</u>	<u>\$ 66,602</u>

The accompanying notes are an integral part of these statements.

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 1996**

	<u>GOVERNMENTAL FUNDS</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	
Revenues			
Intergovernmental revenues -			
Federal grants	\$ -	\$ 166,213	\$ 166,213
State grants	19,282	-	19,282
Other revenues	1,562	4,182	5,744
Reimbursements	3,349	-	3,349
Total revenues	<u>24,193</u>	<u>170,395</u>	<u>194,588</u>
Expenditures			
Health and welfare -			
Personal services	-	81,488	81,488
Employee-related benefits	-	23,457	23,457
Operating services	38,251	48,356	86,607
Operating supplies	1,116	17,094	18,210
Total expenditures	<u>39,367</u>	<u>170,395</u>	<u>209,762</u>
Excess (Deficiency) of revenues over expenditures	<u>(15,174)</u>	<u>-</u>	<u>(15,174)</u>
Other Financing Sources			
Operating Transfer In	-	-	-
Operating Transfer Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of revenues and other sources over expenditures and other uses	<u>(15,174)</u>	<u>-</u>	<u>(15,174)</u>
Fund balance - July 1, 1995	<u>18,095</u>	<u>6,046</u>	<u>24,141</u>
Fund balance - June 30, 1996	<u>\$ 2,921</u>	<u>\$ 6,046</u>	<u>\$ 8,967</u>

The accompanying notes are an integral part of these statements.

**ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 1996**

	<u>GOVERNMENTAL FUNDS</u>			<u>GOVERNMENTAL FUNDS</u>		
	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUNDS</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues						
Intergovernmental revenues -						
Federal grants	\$ -	\$ -	\$ -	\$ 166,000	\$ 166,213	\$ 213
State grants	20,000	19,282	(718)	-	-	-
Other revenues	1,500	1,562	62	4,000	4,182	182
Reimbursements	3,300	3,349	49	-	-	-
Total revenues	<u>24,800</u>	<u>24,193</u>	<u>(607)</u>	<u>170,000</u>	<u>170,395</u>	<u>395</u>
Expenditures						
Health and welfare -						
Personal services	-	-	-	82,000	81,488	512
Employee-related benefits	-	-	-	23,000	23,457	(457)
Operating services	38,000	38,251	(251)	48,000	48,356	(356)
Operating supplies	1,600	1,116	484	17,000	17,094	(94)
Total expenditures	<u>39,600</u>	<u>39,367</u>	<u>233</u>	<u>170,000</u>	<u>170,395</u>	<u>(395)</u>
Excess (deficiency) of revenues over expenditures	<u>(14,800)</u>	<u>(15,174)</u>	<u>(374)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources						
Operating Transfer In	-	-	-	-	-	-
Operating Transfer Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (14,800)</u>	<u>(15,174)</u>	<u>\$ (374)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - July 1, 1995		<u>18,095</u>			<u>6,046</u>	
Fund balance - June 30, 1996		<u>\$ 2,921</u>			<u>\$ 6,046</u>	

The accompanying notes are an integral part of these statements.

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MANAGEMENT LETTER

November 5, 1996

Board of Directors
St. John Community Action Agency
St. John the Baptist Parish Council
Reserve, Louisiana

We have audited the component unit financial statements of the St. John Community Action Agency for the year ended June 30, 1996, and have issued our report thereon dated November 5, 1996. In planning and performing our audit, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain weaknesses in the internal control structure that, if corrected, could improve the ability of management of the St. John Community Action Agency to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The format below shows first the prior-year management recommendations and management's response to those recommendations. The St. John Community Action Agency should be commended for the progress made in complying to prior-year recommendations. The section on prior-year recommendations is then followed by a listing of any current-year weaknesses in internal controls and current-year audit recommendations.

ADMINISTRATIVE PROCEDURES

Prior Year Recommendations:

At fiscal year end, there was a problem in close-out of general ledger records. Certain financial records had to be "re-built" from prior ledgers and supporting documentation. As a result, an accumulated transaction register, which facilitates financial review and analyses, could not be printed. We recommended that management of the St. John Community Action Agency adopt procedures to insure that a separate data backup is maintained for each month for the general ledger. In addition, documentation maintained on a monthly basis should at a minimum consist of the trial balance, general journal entries, and source journals.

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Board of Directors

St. John Community Action Agency

St. John the Baptist Parish Council

Reserve, Louisiana

We have audited the component unit financial statements of the St. John Community Action Agency for the year ended June 30, 1996 and have issued our report thereon dated November 5, 1996. These component unit financial statements are the responsibility of the St. John Community Action Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements of the St. John Community Action Agency taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the component unit financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.



Bruce Harrell and Company, CPAs

A Professional Accounting Corporation

November 5, 1996

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

June 30, 1996

	TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM	LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM- WEATHER- IZATION ASSISTANCE	LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM- ENERGY ASSISTANCE	EMERGENCY FOOD & SHELTER NATIONAL BOARD PROGRAM	COMMUNITY SERVICES BLOCK GRANT	TOTAL
Revenues						
Intergovernmental revenues-						
Federal grants	\$ 2,084	\$ 4,992	\$ 37,573	\$ 12,840	\$ 108,724	\$ 166,213
Other income	-	-	4,182	-	-	4,182
Total revenues	<u>2,084</u>	<u>4,992</u>	<u>41,755</u>	<u>12,840</u>	<u>108,724</u>	<u>170,395</u>
Expenditures						
Health and welfare -						
Personal services	-	-	-	-	81,488	81,488
Employee-related benefits	-	-	-	-	23,457	23,457
Operating services	2,084	518	41,602	373	3,779	48,356
Operating supplies	-	4,474	153	12,467	-	17,094
Total expenditures	<u>2,084</u>	<u>4,992</u>	<u>41,755</u>	<u>12,840</u>	<u>108,724</u>	<u>170,395</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources						
Operating Transfer In	-	-	-	-	-	-
Operating Transfer Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-	-	-
Fund balance at July 1, 1995	<u>-</u>	<u>-</u>	<u>20</u>	<u>6,006</u>	<u>20</u>	<u>6,046</u>
Fund balance at June 30, 1996	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 6,006</u>	<u>\$ 20</u>	<u>\$ 6,046</u>

The accompanying notes are an integral part of these statements.

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Board of Directors
St. John Community Action Agency

Due to the limited number of personnel, the St. John Community Action Agency is not able to have a proper segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the St. John Community Action Agency, in a separate letter dated November 5, 1996.

This report is intended for the information of management, the Legislative Auditor, and the Federal Cognizant Agency. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

November 5, 1996

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors

St. John Community Action Agency

St. John the Baptist Parish Council

Reserve, Louisiana

We have audited the component unit financial statements of the St. John Community Action Agency for the year ended June 30, 1996, and have issued our report thereon dated November 5, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Community Action Agency, in order to determine our auditing procedures for the purpose of expressing our opinion on the Community Action Agency's component unit financial statements and to report on the internal control structure, in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the component unit financial statements in a separate report dated November 5, 1996.

The management of the St. John Community Action Agency is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Board of Directors

St. John Community Action Agency

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Accounting controls
- Revenue/receipts
- Purchases/disbursements

Administrative controls over federal financial assistance programs

- General requirements
- Political activity
- Civil rights
- Federal financial reports
- Allowable cost/cost principles
- Cash management
- Administrative requirements

Specific requirements

- Cost allocation
- Types of services
- Eligibility
- Reporting
- Special requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the St. John Community Action Agency, had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

- Temporary Emergency Food Assistance - 10.568
- Food Distribution - 10.550
- Community Service Block Grant - 13.792
- Weatherization Assistance for Low Income Persons - 81.042
- Disaster Assistance (Emergency Food Program) - 83.516
- (Social) Home Energy Assistance - 93.028

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
June 30, 1996

8. SCHEDULE OF BOARD OF DIRECTORS

Whitney Joseph Post Office Box 229 Reserve, Louisiana 70084 (504) 652-5311	Charles Watkins 424 W. 24th Street LaPlace, Louisiana 70068 (504) 652-9160	Vernon Cambre Post Office Box 359 Reserve, Louisiana 70084 (504) 536-1106
Thelma Robinet Route 1, Box 678 C Reserve, Louisiana 70084 (504) 536-3415	Edward Morris Post Office Box 444 Garyville, Louisiana 70051 (504) 535-2193	Bernetta James Post Office Drawer P Reserve, Louisiana 70084 (504) 536-2128
Clinton Perrilloux Post Office Box 2413 Reserve, Louisiana 70084 (504) 536-4693	Debra Poche Post Office Box 332 Edgard, Louisiana 70049 (504) 536-4933	Henry Joseph Post Office Box 77 Mt. Airy, Louisiana 70076 (504) 535-6455
Clive Marshall Route 1, Box 687 N Reserve, Louisiana 70084 (504) 536-5222	Wayne Milton Post Office Box 55 Edgard, Louisiana 70049 (504) 497-8661	Gwendolyn Hall 2924 Yorktown Drive LaPlace, Louisiana 70068 (504) 651-9074
	John Swafford 1033 Star Terrace Reserve, Louisiana 70084 (504) 536-8220	

The Board of Directors does not receive any compensation.

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended June 30, 1996

FEDERAL GRANTOR/PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	FEDERAL CFDA NUMBER	CASH AT JULY 1, 1995	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH AT JUNE 30, 1996
U.S. Department of Agriculture					
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution (non-financial assistance)	10.550	\$ -	\$ 5,631	\$ 5,631	\$ -
Passed through Louisiana Department of Agriculture and Forestry - Temporary Emergency Food Assistance	10.568	-	2,084	2,084	-
Total U.S. Department of Agriculture		-	7,715	7,715	-
U.S. Department of Health and Human Services					
Passed through Louisiana Department of Social Services - Office of Community Services - Low Income Home Energy Assistance	93.028	4,338	34,636	38,954	20
Passed through Louisiana Department of Employment and Training Social Services - Office of Community Services - Community Service Block Grant Program	13.792	20	108,826	108,826	20
Total U.S. Department of Health and Human Services		4,358	143,462	147,780	40
U.S. Department of Energy and U.S. Department of Health and Human Services					
Passed through Louisiana Department of Social Services	81.042	-	4,992	4,992	-
U.S. Federal Emergency Management Agency					
Passed through United Way of America - Emergency Food and Shelter National Income Home Energy Assistance	83.516	1,704	12,938	12,376	2,266
Total Federal Assistance		\$ 6,062	\$ 169,107	\$ 172,863	\$ 2,306

Note A: Basis of Accounting

The accompanying Schedule of Federal Awards is a summary of the cash activity of the Organization's federal awards programs and does not present transactions that would be included in the financial statements of the Organization presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles. The presentation based on the modified accrual basis is presented below, and is summarized per CFDA Number for individual federal programs:

CFDA NUMBER	ACCRUED OR DEFERRED REVENUE AT BEG OF FISCAL YR	REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	ACCRUED OR DEFERRED REVENUE AT END OF FISCAL YR
10.550	\$ -	\$ 5,631	\$ 5,631	\$ -
10.568	-	2,084	2,084	-
93.028	5,213	37,573	40,509	2,277
13.792	-	108,724	108,724	-
81.042	-	4,992	4,992	-
83.516	-	12,840	12,840	-

Note B: Food Distribution

Nonmonetary transactions, included for CFDA Program Number 10.550, are reported in the Schedule at the fair market value of the commodities received and disbursed.

The accompanying notes are an integral part of these statements.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON
AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors

St. John Community Action Agency

St. John the Baptist Parish Council

Reserve, Louisiana

We have audited the component unit financial statements of the St. John Community Action Agency for the year ended June 30, 1996, and have issued our report thereon dated November 5, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The management of the St. John Community Action Agency, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of the St. John Community Action Agency for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our opinion, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

SPECIAL REVENUE FUNDS

Temporary Emergency Food Assistance Program Fund

The Temporary Emergency Food Assistance Program Fund accounts for storage and distribution costs of the Food Distribution Program operated by the St. John Community Action Agency. Revenues for the fund are provided by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry.

Low-Income Home Energy Assistance Program - Weatherization Assistance Fund

The Low-Income Home Energy Assistance Program - Weatherization Assistance Fund accounts for the administration of funds provided by the United States Department of Energy and the United States Department of Health and Human Services through the Louisiana Division of Administration. Revenues of this fund provide weatherization services for eligible low-income households, including those with elderly or handicapped individuals.

Low-Income Home Energy Assistance Program - Energy Assistance Fund

The Low-Income Home Energy Assistance Program - Energy Assistance Fund accounts for the administration of funds provided by the United States Department of Health and Human Services through the Louisiana Department of Health and Human Resources that are used to provide utilities assistance to the needy of the parish.

Emergency Food and Shelter National Board Program Fund

The Emergency Food and Shelter National Board Program Fund accounts for the administration of funds provided by the Federal Emergency Management Agency through United Way for the Greater New Orleans Area. Revenues of this fund are used to provide for utility assistance, food, and shelter for the needy.

Community Services Block Grant Fund

The Community Services Block Grant Fund accounts for the administration of funds provided by the United States Department of Health and Human Services through the Louisiana Department of Labor. Revenues of this fund are used to reimburse various administrative expenditures, such as salaries and office supplies, that are expended in connection with the administration of other programs operated by the St. John Community Action Agency.

BRUCE HARRELL & CO.
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Board of Directors
St. John Community Action Agency
Page 2

Management's Response to Prior Year Recommendations:

Management had indicated that they would maintain adequate documentation for the general ledger and make backups on a regular basis. For the fiscal year ending June 30, 1996, the general ledger was current and adequate documentation was maintained of general ledger transactions. In addition, data was backed up on a regular basis.

Current Year Weaknesses:

Management made significant progress in reporting financial data. However, budget-to-actual reports, required by the supervising state agencies for reimbursement of actual costs, were not in all cases submitted on a timely basis for individual grant programs. As noted in the auditor's report on General Requirements for federal programs, expenditure reports were not received on a timely basis for the Community Service Bloc Grant Program. In addition, budgets for grant programs should be incorporated into the general ledger to allow overall management review of budget compliance. Since grant program fiscal years generally overlap with the fiscal year of the St. John Community Action Agency, it will be necessary to pro-rate the revenues and expenses of individual grants for months occurring in the fiscal year of the Community Action Agency.

Management's Response to Current Year Recommendations:

We will incorporate budgets for individual grant programs into the general ledger system for the St. John Community Action Agency, and submits reports to supervising State Agencies on a timely basis.

It has been our pleasure to perform this financial audit for you. We will be glad to meet with you in trying to provide assistance in implementing the above recommendations.

Respectfully submitted,



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Board of Directors

St. John Community Action Agency

St. John the Baptist Parish Council

Reserve, Louisiana

We have audited the component unit financial statements of the St. John Community Action Agency, for the year ended June 30, 1996, and have issued our report thereon dated November 5, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards, and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the St. John Community Action Agency is the responsibility of the management of the St. John Community Action Agency. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the St. John Community Action Agency's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended solely for the use of management, the Louisiana Legislative Auditor, and the Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

November 5, 1996

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors

St. John Community Action Agency

St. John the Baptist Parish Council

Reserve, Louisiana

We have audited the component unit financial statements of the St. John Community Action Agency, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 5, 1996.

We have applied procedures to test St. John Community Action Agency's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1996:

Political Activity

Civil Rights

Federal Financial Reports

Allowable cost

Cash Management

Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the St. John Community Action Agency's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the St. John Community Action Agency, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is described as follows:

FINDING:

For the Community Service Bloc Grant (CSBG) Program, for the fiscal year ending June 30, 1996, expenditure reports were not issued on a timely basis for the months of September, October, and December 1995, and for March and April of 1996. Although requests for funds are on a reimbursement basis, timely reporting is a requirement of the CSBG program, and is necessary for effective implementation of project activities.

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 1996

	TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM	LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM- WEATHER- IZATION ASSISTANCE	LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM- ENERGY ASSISTANCE	EMERGENCY FOOD & SHELTER NATIONAL BOARD PROGRAM	COMMUNITY SERVICES BLOCK GRANT	TOTAL
Assets						
Cash	\$ -	\$ -	\$ 20	\$ 2,266	\$ 20	\$ 2,306
Due from other governments	-	-	34,637	5,903	8,293	48,833
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,657</u>	<u>\$ 8,169</u>	<u>\$ 8,313</u>	<u>\$ 51,139</u>
Liabilities and Fund Equity						
Liabilities:						
Due to other governmental units	\$ -	\$ -	\$ -	\$ -	\$ 8,293	\$ 8,293
Deferred revenue	-	-	2,257	-	-	2,257
Accounts payable	-	-	32,380	2,163	-	34,543
Total Liabilities	<u>-</u>	<u>-</u>	<u>34,637</u>	<u>2,163</u>	<u>8,293</u>	<u>45,093</u>
Fund equity-fund balances-reserved	-	-	20	6,006	20	6,046
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,657</u>	<u>\$ 8,169</u>	<u>\$ 8,313</u>	<u>\$ 51,139</u>

The accompanying notes are an integral part of these statements.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

Board of Directors
St. John Community Action Agency
St. John the Baptist Parish Council
Reserve, Louisiana


We have audited the component unit financial statements of the St. John Community Action Agency, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 5, 1996.

In connection with our audit of the component unit financial statements of the St. John Community Action Agency, and with our consideration of the St. John Community Action Agency's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on St. John Community Action Agency's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the St. John Community Action Agency, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Federal Cognizant Agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the St. John Community Action Agency, is a matter of public record.


Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

November 5, 1996

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Board of Directors

St. John Community Action Agency

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the St. John Community Action Agency, in a separate letter dated November 5, 1996.

This report is intended solely for the use of management, the Louisiana Legislative Auditor, and the Federal Cognizant Agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the St. John Community Action Agency, is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

November 5, 1996

ST. JOHN COMMUNITY ACTION AGENCY
St. John the Baptist Parish Council

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
June 30, 1996

7. DUE FROM/ TO OTHER GOVERNMENTAL UNITS

The amount due from / to other governmental units consists of the following:

Due from St. John Council	\$	842
Due from State of Louisiana-Emergency Food Assistance Program		1,639
Due from State of Louisiana-Energy Assistance		34,637
Due from State of Louisiana-FEMA Funds		5,903
Due from State of Louisiana-Community Service Block Grant		8,293
Total Due From Other Governments	\$	<u>51,314</u>
Due to St. John Council	\$	<u>8,293</u>