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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, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the submitter or reviewed, entity and other appropriate public officials. This 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

OCT 06 1999

Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 Canal Street

New Orleans, Louisiana 70119-5996

CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>		1 - 2
<u>GENERAL PURPOSE FINANCIAL STATEMENTS:</u>		
Combined Balance Sheet – Governmental Fund Type and Account Groups	A	3 - 4
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund.....	B	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (Budgetary Basis) – General Fund	C	6
Notes to Financial Statements.....		7 - 17
<u>SUPPLEMENTAL INFORMATION:</u>		
Schedule of Revenues – Actual and Budget (Budgetary Basis) – General Fund.....	1	18
Schedule of Expenditures – Actual and Budget (Budgetary Basis) – General Fund.....	2	19 - 20
Schedule of Expenditures of Federal Financial Awards	3	21
Year 2000 Supplemental Information	4	22

Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 FAX (504) 482-2516 E-Mail ekcl@ekclcpa.com

FABIO J. CANTON*
JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
KENNETH J. ABNEY*
W. ERIC POWERS

*PROFESSIONAL CORPORATION

BENJAMIN J. ERICKSEN (Retired 1998)
J.V. LECLERE KRENTTEL (Retired 1993)
RONALD H. ACKERMANN (Retired 1995)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose 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, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Jefferson Parish Human Services Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Parish Human Services Authority as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. Schedules "1" and "2" listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Jefferson Parish Human Services 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 not a required part of the general purpose financial statements of the Jefferson Parish Human Services Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The Board of Governors
Jefferson Parish Human Services Authority
September 8, 1999
Page 2

The year 2000 supplementary information in Schedule "4" on page 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Jefferson Parish Human Services Authority is or will become year 2000 compliant, that the Jefferson Parish Human Services Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Jefferson Parish Human Services Authority does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 1999, on our consideration of the Jefferson Parish Human Service Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

September 8, 1999


Certified Public Accountants

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
COMBINED BALANCE SHEET – GOVERNMENTAL FUND TYPE
AND ACCOUNT GROUPS
JUNE 30, 1999

ASSETS AND OTHER DEBITS

	Account Groups			Total (Memorandum Only)
	General Fund	General Fixed Assets	General Long-Term Debt	
<u>ASSETS:</u>				
Cash	\$ 476,001	\$ -	\$ -	\$ 476,001
Receivables:				
State	556,808	-	-	556,808
Grants	285,648	-	-	285,648
Medicare/Medicaid	82,557	-	-	82,557
Other	3,210	-	-	3,210
Inventory	159,796	-	-	159,796
Short-term investments	784,910	-	-	784,910
Furniture and equipment	-	1,026,281	-	1,026,281
Leasehold improvements	-	800,305	-	800,305
	2,348,930	1,826,586	-	4,175,516
 <u>OTHER DEBITS:</u>				
Amount to be provided for payment of:				
Compensated absences	-	-	475,451	475,451
Capital lease obligations	-	-	24,633	24,633
	-	-	500,084	500,084
Total other debits	-	-	500,084	500,084
	\$ 2,348,930	\$ 1,826,586	\$ 500,084	\$ 4,675,600

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
COMBINED BALANCE SHEET – GOVERNMENTAL FUND TYPE
AND ACCOUNT GROUPS
JUNE 30, 1999

LIABILITIES, EQUITY AND OTHER CREDITS

	Account Groups			Total (Memorandum Only)
	General Fund	General Fixed Assets	General Long-Term Debt	
<u>LIABILITIES:</u>				
Accounts payable	\$ 42,197	\$ -	\$ -	\$ 42,197
Contracts payable	768,117	-	-	768,117
Accrued expenses	391,489	-	-	391,489
Due to State	73,751	-	-	73,751
Compensated absences	-	-	475,451	475,451
Capital lease obligations	-	-	24,633	24,633
	<u>1,275,554</u>	<u>-</u>	<u>500,084</u>	<u>1,775,638</u>
Total liabilities				
<u>EQUITY AND OTHER CREDITS:</u>				
Investment in general fixed assets	-	1,826,586	-	1,826,586
Fund balance:				
Reserved for inventory	159,796	-	-	159,796
Unreserved:				
Designated for repairs	500,000	-	-	500,000
Designated for subsequent year's expenditures	363,580	-	-	363,580
Undesignated	50,000	-	-	50,000
	<u>1,073,376</u>	<u>1,826,586</u>	<u>-</u>	<u>2,899,962</u>
Total equity and other credits				
	<u>\$ 2,348,930</u>	<u>\$ 1,826,586</u>	<u>\$ 500,084</u>	<u>\$ 4,675,600</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>
<u>REVENUES:</u>	
Intergovernmental	\$ 16,546,116
Other revenues	<u>786,815</u>
Total revenues	<u>17,332,931</u>
<u>EXPENDITURES:</u>	
Current	
Outpatient services	5,712,809
Developmental disabilities	3,922,571
Community support	3,108,526
Administration	2,356,972
IMPACTS	1,932,012
Access	410,286
Children and family	<u>49,685</u>
Total expenditures	<u>17,492,861</u>
Deficiency of revenues over expenditures	<u>(159,930)</u>
<u>OTHER FINANCING SOURCES:</u>	
Capital leases	<u>10,558</u>
Total other financing sources	<u>10,558</u>
Deficiency of revenues and other financing sources over expenditures	(149,372)
Fund balance at beginning of year	1,185,253
Increase in reserve for inventory	<u>37,495</u>
Fund balance at end of year	<u>\$ 1,073,376</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --
ACTUAL AND BUDGET (BUDGETARY BASIS) -- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund				Variance Favorable (Unfavorable)
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	
REVENUES:					
Intergovernmental					
Other revenues	\$ 16,546,116	\$ (56,216)	\$ 16,489,900	\$ 16,688,288	\$ (198,388)
	<u>786,815</u>	<u>-</u>	<u>786,815</u>	<u>866,903</u>	<u>(80,088)</u>
Total revenues	<u>17,332,931</u>	<u>(56,216)</u>	<u>17,276,715</u>	<u>17,555,191</u>	<u>(278,476)</u>
EXPENDITURES:					
Current					
Outpatient services	5,712,809	27,638	5,740,447	5,894,138	153,691
Developmental disabilities	3,922,571	(2,869)	3,919,702	4,010,195	90,493
Community support	3,108,526	7,113	3,115,639	3,312,393	196,754
Administration	2,356,972	(11,117)	2,345,855	2,265,456	(80,399)
IMPACTS	1,932,012	(5,021)	1,926,991	2,041,381	114,390
Access	410,286	(22,275)	388,011	371,122	(16,889)
Children and family	<u>49,685</u>	<u>(49,685)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>17,492,861</u>	<u>(56,216)</u>	<u>17,436,645</u>	<u>17,894,685</u>	<u>458,040</u>
Deficiency of revenues over expenditures	<u>(159,930)</u>	<u>-</u>	<u>(159,930)</u>	<u>(339,494)</u>	<u>179,564</u>
OTHER FINANCING SOURCES:					
Capital leases	<u>10,558</u>	<u>-</u>	<u>10,558</u>	<u>-</u>	<u>10,558</u>
Total other financing sources	<u>10,558</u>	<u>-</u>	<u>10,558</u>	<u>-</u>	<u>10,558</u>
Deficiency of revenues and other financing sources over expenditures	(149,372)	-	(149,372)	<u>\$ (339,494)</u>	<u>\$ 190,122</u>
Fund balance at beginning of year	1,185,253	-	1,185,253		
Increase in reserve for inventory	<u>37,495</u>	<u>-</u>	<u>37,495</u>		
Fund balance at end of year	<u>\$ 1,073,376</u>	<u>\$ -</u>	<u>\$ 1,073,376</u>		

See accompanying NOTES TO FINANCIAL STATEMENTS

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(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.

Fund Accounting

The accounts of the Authority are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Authority.

Governmental Fund Types:

General Fund

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

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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

General Fixed Assets and General Long-Term Debt Account Groups:

General Fixed Assets

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds, and for those long-term liabilities to be liquidated with resources to be provided in future periods.

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 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.

The modified accrual basis of accounting is used by all governmental fund types and agency 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, 1999, 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 presented budget is the budget following amendments.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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

Budgetary Data (Continued)

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 or 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.

At June 30, 1999, the carrying amount of the Authority's deposits was \$476,001 and the bank balance was \$606,611. Of the bank balances, \$100,000 was covered by federal depository insurance, and \$506,611 was covered by collateral held by the pledging institutions' agent in the Authority's name.

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.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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

Inventories

Inventories in the General Fund consist of expendable pharmaceutical supplies held for consumption and are carried at cost on a first-in, first-out basis. 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.

Compensated Absences

Compensated absences consist of annual leave and sick 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, 1999, employees of the Jefferson Parish Human Services Authority had accumulated and vested \$475,451 in leave privileges. In the governmental fund, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the General Long-Term Debt Account Group.

Reserve for Encumbrances

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

Designated Fund Balances

Designated 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.

Total Columns on Combined Statements - Overview

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.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(2) INVESTMENTS

Investments of the Authority at June 30, 1999 are as follows:

	<u>Carrying Value</u>	<u>Market Value</u>	<u>Fund</u>
<u>Federal Home Loan Bank Discount Notes:</u>			
Held by the Authority's agent in the Authority's name	\$ <u>197,963</u>	\$ <u>199,257</u>	General
<u>Federal National Mortgage Association Discount Notes:</u>			
Held by the Authority's agent in the Authority's name	\$ <u>586,947</u>	\$ <u>597,908</u>	General

(3) CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>Balance at June 30, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 1999</u>
Furniture and equipment	\$ 935,468	\$ 219,121	\$ (179,013)	\$ 975,576
Equipment under capital lease	40,147	10,558	-	50,705
Leasehold improvements	<u>701,943</u>	<u>98,362</u>	<u>-</u>	<u>800,305</u>
	<u>\$ 1,677,558</u>	<u>\$ 328,041</u>	<u>\$ (179,013)</u>	<u>\$ 1,826,586</u>

(4) GENERAL LONG-TERM DEBT

A summary of general long-term debt is as follows:

	<u>Balance at June 30, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 1999</u>
Compensated absences	\$ 508,155	\$ -	\$ (32,704)	\$ 475,451
Capital lease obligations	<u>29,958</u>	<u>10,558</u>	<u>(15,883)</u>	<u>24,633</u>
	<u>\$ 538,113</u>	<u>\$ 10,558</u>	<u>\$ (48,587)</u>	<u>\$ 500,084</u>

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(6) FUND BALANCE

Reserved

At June 30, 1999, \$159,796 of the Authority's fund balance is reserved for inventory. This reserve represents those portions of fund balance not appropriate for expenditures or legally segregated for a specific use.

Designated

At June 30, 1999, the Authority's unreserved fund balance was designated by the Board of Governors as follows:

- \$500,000 designated for future repairs to a building facilitating the Westbank of Jefferson Parish.
- \$413,000 designated for anticipated State funding reductions in the future.

(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).

(7) DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 1999, amounted to 7.5 percent of State employees' gross salaries, and the State contribution was 12.4 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.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(7) **DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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. At June 30, 1999, employees of the Authority contributed 8.0 percent of their gross salary, and the state contributed 16.5 percent. The annual maximum retirement benefit for those who retired prior to June 1, 1975, at age 60 after 10 years' service or at any age after 20 years' service is 2 percent times the years of creditable service (including unused accumulated sick leave and/or unused accumulated annual leave) times the average salary of the 36 highest successive months. For those retiring after June 1, 1975, at age 65 with 20 years' service or at age 55 with 25 years' service or at any age after 30 years' service, the annual retirement benefit 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, 1999, for all employees follows:

<u>Pension Plan</u>	<u>Covered Payroll</u>	<u>Total Payroll</u>
Louisiana State Employees' Retirement System	\$ 5,497,339	\$ 6,129,055
Teachers' Retirement System of Louisiana	<u>288,400</u>	<u>288,400</u>
	<u>\$ 5,785,739</u>	<u>\$ 6,417,455</u>

Employer and employee contributions to the two retirement systems during the year ended June 30, 1999 are as follows:

<u>Pension Plan</u>	<u>Employer Contributions</u>	<u>% of Eligible Salary</u>	<u>Employee Contribution</u>	<u>% of Eligible Salary</u>
Louisiana State Employees' Retirement System	\$ 681,693	12.4 %	\$ 412,302	7.5 %
Teachers' Retirement System of Louisiana	<u>47,586</u>	16.5 %	<u>23,072</u>	8.0 %
	<u>\$ 729,279</u>		<u>\$ 435,374</u>	

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(7) DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 1999, 1998 and 1997 were \$681,693, \$661,541, and \$632,596, respectively, and to TRS for the years ended June 30, 1999, 1998 and 1997 were \$47,586, \$47,298, and \$46,962, respectively, equal to the required contribution for each year for each 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, 1999, three employees were eligible to receive post-retirement benefits.

Information regarding the employer contributions applicable to these benefits for the year ended June 30, 1999, is not available.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(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, 1999, provided actual revenues of \$13,670,913 (79 percent of total revenues). Revenue receivable from the State of Louisiana totaled \$556,808 as of June 30, 1999.

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 \$1,075,269 of revenue for the year ended June 30, 1999. Jefferson Parish did not owe the Authority any funds as of June 30, 1999 related to these agreements.

The Authority also received from Jefferson Parish grant revenues of \$127,779 and \$402,952 for other agreements entered into with Jefferson Parish and local law enforcement agencies. Jefferson Parish owed the Authority \$35,243 as of June 30, 1999 under grant and other 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 entered into an employment agreement with the Executive Director through September 30, 1999. The Director's base salary for the fiscal year ended June 30, 1999 was \$91,720 with performance incentives based on the State's funding of the Authority.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(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 – Actual and Budget (Budgetary Basis) – 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:

	<u>General Fund</u>
Revenues on GAAP basis	\$ 17,269,362
Net accruals	
Intergovernmental revenue	
Department of Health and Hospitals	<u>(56,216)</u>
Revenues on budget basis	<u>\$ 17,213,146</u>
Expenditures on GAAP basis	\$ 17,492,861
Net accruals	
Personnel	<u>(56,216)</u>
Expenditures on budget basis	<u>\$ 17,436,645</u>

(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 – ACTUAL AND BUDGET
(BUDGETARY BASIS) – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund				Variance Favorable (Unfavorable)
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	
<u>INTERGOVERNMENTAL</u>					
<u>REVENUES:</u>					
State of Louisiana	\$ 13,670,913	\$ (56,216)	\$ 13,614,697	\$ 13,627,058	\$ (12,361)
Jefferson Parish	1,075,269	-	1,075,269	1,075,269	-
Jefferson Parish – other	402,952	-	402,952	455,126	(52,174)
U.S. Department of Housing and Urban Development	657,046	-	657,046	743,232	(86,186)
Passed through the Department of Health and Hospitals	54,935	-	54,935	59,326	(4,391)
Passed through the City of New Orleans	337,821	-	337,821	340,191	(2,370)
Passed through the Louisiana Department of Social Services	217,151	-	217,151	226,569	(9,418)
Passed through Jefferson Parish	73,930	-	73,930	73,500	430
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice	53,849	-	53,849	85,962	(32,113)
Passed through Federal Emergency Management Agency	<u>2,250</u>	<u>-</u>	<u>2,250</u>	<u>2,055</u>	<u>195</u>
Total intergovernmental revenues	<u>16,546,116</u>	<u>(56,216)</u>	<u>16,489,900</u>	<u>16,688,288</u>	<u>(198,388)</u>
<u>OTHER REVENUES:</u>					
Patient service fees	538,456	-	538,456	632,884	(94,428)
Other	184,790	-	184,790	234,019	(49,229)
Investment income	<u>63,569</u>	<u>-</u>	<u>63,569</u>	<u>-</u>	<u>63,569</u>
Total other revenues	<u>786,815</u>	<u>-</u>	<u>786,815</u>	<u>866,903</u>	<u>(80,088)</u>
Total revenues	<u>\$ 17,332,931</u>	<u>\$ (56,216)</u>	<u>\$ 17,276,715</u>	<u>\$ 17,555,191</u>	<u>\$ (278,476)</u>

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF EXPENDITURES – ACTUAL AND BUDGET
(BUDGETARY BASIS) – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund				Variance Favorable (Unfavorable)
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	
<u>OUTPATIENT SERVICES:</u>					
Operating services	\$ 242,968	\$ -	\$ 242,968	\$ 351,418	\$ 108,450
Supplies	1,222,213	-	1,222,213	1,191,830	(30,383)
Acquisitions	17,313	-	17,313	20,000	2,687
Professional/contract services	340,285	-	340,285	352,909	12,624
Personnel	3,876,310	27,638	3,903,948	3,938,463	34,515
Travel	13,720	-	13,720	39,518	25,798
Total outpatient services	<u>5,712,809</u>	<u>27,638</u>	<u>5,740,447</u>	<u>5,894,138</u>	<u>153,691</u>
<u>DEVELOPMENTAL DISABILITIES:</u>					
Operating services	44,707	-	44,707	31,504	(13,203)
Supplies	18,868	-	18,868	19,288	420
Acquisitions	8,920	-	8,920	7,450	(1,470)
Professional/contract services	3,017,829	-	3,017,829	3,269,659	251,830
Personnel	796,303	(2,869)	793,434	643,184	(150,250)
Travel	35,944	-	35,944	39,110	3,166
Total developmental disabilities	<u>3,922,571</u>	<u>(2,869)</u>	<u>3,919,702</u>	<u>4,010,195</u>	<u>90,493</u>
<u>COMMUNITY SUPPORT:</u>					
Operating services	42,524	-	42,524	62,757	20,233
Supplies	18,036	-	18,036	16,412	(1,624)
Acquisitions	19,219	-	19,219	23,581	4,362
Professional/contract services	2,262,501	-	2,262,501	2,369,203	106,702
Personnel	745,147	7,113	752,260	803,258	50,998
Travel	21,099	-	21,099	37,182	16,083
Total community support	<u>3,108,526</u>	<u>7,113</u>	<u>3,115,639</u>	<u>3,312,393</u>	<u>196,754</u>

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF EXPENDITURES – ACTUAL AND BUDGET
(BUDGETARY BASIS) – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund				Variance Favorable (Unfavorable)
	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	
<u>ADMINISTRATION:</u>					
Operating services	760,723	-	760,723	641,717	(119,006)
Supplies	45,720	-	45,720	40,000	(5,720)
Acquisitions	272,409	-	272,409	94,421	(177,988)
Professional/contract services	198,629	-	198,629	417,932	219,303
Personnel	1,060,698	(11,117)	1,049,581	1,045,486	(4,095)
Travel	18,793	-	18,793	25,900	7,107
Total administration	<u>2,356,972</u>	<u>(11,117)</u>	<u>2,345,855</u>	<u>2,265,456</u>	<u>(80,399)</u>
<u>IMPACTS:</u>					
Operating services	136,674	-	136,674	67,251	(69,423)
Supplies	31,832	-	31,832	26,314	(5,518)
Acquisitions	28,851	-	28,851	12,748	(16,103)
Professional/contract services	1,075,013	-	1,075,013	1,326,579	251,566
Personnel	621,034	(5,021)	616,013	490,618	(125,395)
Travel	38,608	-	38,608	117,871	79,263
Total IMPACTS	<u>1,932,012</u>	<u>(5,021)</u>	<u>1,926,991</u>	<u>2,041,381</u>	<u>114,390</u>
<u>ACCESS:</u>					
Operating services	7,517	-	7,517	11,550	4,033
Supplies	5,533	-	5,533	11,500	5,967
Acquisitions	15,215	-	15,215	2,000	(13,215)
Professional/contract services	27,148	-	27,148	28,785	1,637
Personnel	351,057	(22,275)	328,782	308,588	(20,194)
Travel	3,816	-	3,816	8,699	4,883
Total ACCESS	<u>410,286</u>	<u>(22,275)</u>	<u>388,011</u>	<u>371,122</u>	<u>(16,889)</u>
<u>CHILDREN & FAMILY:</u>					
Personnel	49,685	(49,685)	-	-	-
Total children & family	<u>49,685</u>	<u>(49,685)</u>	-	-	-
Total expenditures	<u>\$ 17,492,861</u>	<u>\$ (56,216)</u>	<u>\$ 17,436,645</u>	<u>\$ 17,894,685</u>	<u>\$ 458,040</u>

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number\	Federal Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
U.S. Department of Housing and Urban Development Supportive Housing Program	14.235	LA48B97-0604	147,539 *
Unity for the Homeless, Inc. Supportive Housing Program - 1999 #1	14.235	LA48B95-0817G	157,403 *
Supportive Housing Program - 1999 #2	14.235	LA48B96-1405	<u>352,104 *</u>
Total U.S. Department of Housing and Urban Development			<u>657,046</u>
<u>OTHER FEDERAL AWARDS NON MAJOR PROGRAMS</u>			
<u>U.S. Department of Health and Human Services</u>			
Louisiana Department of Social Services, Office of Community Services Social Services Block Grant - 1999	93.667	509022	202,997
City of New Orleans, Mayor's Office of Health Policy HIV Emergency Release Formula Grant - 1999	93.914	98-MYR-017, A&B	54,306
HIV Emergency Release Formula Grant - 2000	93.914	99-MYR-035	21,732
HIV Transportation - 1999	93.915	98-MYR-017, A&B	51,753
HIV Transportation - 2000	93.915	99-MYR-035	32,985
HIV Transportation Coordination - 2000	93.915	99-MYR-035	14,802
Louisiana Department of Health and Hospitals HIV Prevention - 1998	93.940	527352	27,698
HIV Prevention - 1999	93.940	527352	27,237
<u>U.S. Department of Justice</u>			
Louisiana Commission on Law Enforcement and Administration of Criminal Justice FINS Enhancement Program	16.548	W96-7-001	25,000
Family Strengthening Program - 1998	16.540	97-J7-J.3-0255	16,487
Family Strengthening Program - 1999	16.540	98-J7-J.3-0249	12,363
Jefferson Parish, 24th Judicial District Court Drug Court Clininc	16.579	98-B7-B.13-0099	31,942
Jefferson Parish Juvenile Court Substance Abuse Afterschool Intervention	16.579	97-B7-B.13-0115	41,988
<u>U.S. Department of Housing and Urban Development</u>			
City of New Orleans, Mayor's Office of Health Policy Housing Opportunities for People with AIDS -1998	14.241	98-DHND-028 & 028A	71,011
Housing Opportunities for People with AIDS -1999	14.241	99-DHND-056	87,026
<u>Federal Emergency Management Agency</u>			
United Way - City of New Orleans Emergency Food and Shelter National Board Program	83.523	-	<u>1,475</u>
Total			<u><u>1,377,848</u></u>

* Major Program

Note: The schedule of expenditures of federal awards is a summary of the activity of Jefferson Parish Human Services Authority's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
YEAR 2000 SUPPLEMENTARY INFORMATION
JUNE 30, 1999

UNAUDITED

Because many computer systems use only two digits to record the year in date fields, such systems may not be able to accurately process dates including the year 2000 and after. The effects of this problem will vary from system to system, but unless this problem is addressed, computer systems that rely on date calculations are at risk of producing unpredictable results or complete failure.

Management is aware of the year 2000 issue and initiated a year 2000 remediation project to take all necessary and reasonable steps to get mission critical systems and operations year 2000 compliant in a timely manner. During the assessment stage, the Authority's general ledger accounting system, main client database, pharmacy system, human resources system and file server and related workstations were identified as mission critical systems. Steps were undertaken to remediate, test and validate the mission critical systems. Management feels that all mission critical systems have been identified and are being updated and that testing and validation of the systems will be complete by October 1999. Management cannot estimate the cost of these updates.

As of June 30, 1999, expenditures for remediation, testing and validation approximated \$150,000 to replace hardware.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management can not assure that the Authority is or will be year 2000 ready, that the Authority's remediation efforts will be successful in whole or part, or that parties with whom the Authority does business will be year 2000 ready.

The assessment of the costs of the year 2000 compliance and the completion of the internal year 2000 modifications are management's estimates. It is reasonably possible that actual and estimated results will differ materially.

Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 FAX (504) 482-2516 E-Mail ekcl@ekclcpa.com

FABIO J. CANTON*
JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
KENNETH J. ABNEY*
W. ERIC POWERS

*PROFESSIONAL CORPORATION

BENJAMIN J. ERICKSEN (Retired 1998)
J.V. LECLERE KRENTEL (Retired 1993)
RONALD H. ACKERMANN (Retired 1995)

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 general purpose 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, 1999, and have issued our report thereon dated September 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's general purpose 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 general purpose 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 general purpose 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.

To the Board of Governors
Jefferson Parish Human Services Authority
September 8, 1999
Page 2

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.

September 8, 1999


Certified Public Accountants

Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET

NEW ORLEANS, LOUISIANA 70119-5996

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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 to compliance of 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, 1999. 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 programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our engagement.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *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 non-compliance 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, 1999.

To the Board of Governors
Jefferson Parish Human Services Authority
September 8, 1999
Page 2

Internal Control Over Compliance

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.

September 8, 1999


Certified Public Accountants

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the component unit financial statements of Jefferson Parish Human Services Authority.
2. No reportable conditions relating to the audit of the financial statements are reported in the "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".
3. No instances of noncompliance material to the financial statements of Jefferson Parish Human Services Authority were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133".
5. The auditors' report on compliance for the major federal award programs for Jefferson Parish Human Services Authority expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Jefferson Parish Human Services Authority.
7. The program tested as a major programs include the Supportive Housing Program (CFDA number 14.235).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Jefferson Parish Human Services Authority was determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999

There are no prior findings on which to report the status.

**CORRECTIVE ACTION PLAN RELATIVE TO
MANAGEMENT LETTER ITEMS**

September 8, 1999

Louisiana Legislative Auditor

Jefferson Parish Human Services Authority respectfully submits the following corrective action plan for the year ended June 30, 1999.

Name and address of independent public accounting firm:

Ericksen, Krentel, Canton & LaPorte, L.L.P.

4227 Canal Street

New Orleans, Louisiana 70119

Contact: Ronald H. Dawson, Jr.

Audit Period: 07/01/98 to 06/30/99

No management letter was issued for current or prior years.

Sincerely,



Signature

ADMIN DIRECTOR

Title

**CORRECTIVE ACTION PLAN RELATIVE TO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

September 8, 1999

Department of Housing and Urban Development

Jefferson Parish Human Services Authority respectfully submits the following corrective action plan for the year ended June 30, 1998.

Name and address of independent public accounting firm:

Ericksen, Krentel, Canton & LaPorte, L.L.P.

4227 Canal Street

New Orleans, Louisiana 70119

Contact: Ronald H. Dawson, Jr.

Audit Period: 07/31/98 to 06/30/99

There were no current year or prior year findings or questioned costs required to be reported.

Sincerely,



Signature



Title

JEFFERSON PARISH HUMAN SERVICES AUTHORITY
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

(5) LEASES

Operating Leases

The Authority has entered into two operating leases for office facilities. The leases are long-term leases which expire on September 30, 1999 and April 30, 2006. Future minimum lease payments required under these leases are as follows:

Years ended June 30,	
2000	\$ 534,378
2001	508,248
2002	508,248
2003	508,248
2004	508,248
Thereafter	<u>931,788</u>
	<u>\$ 3,499,158</u>

The total amount charged to property rent as a result of these leases was \$611,968 for the year ended June 30, 1999. In addition one of the leases 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, 1999 was \$45,584.

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 the appropriate account group. Minimum future lease payments under these capital lease obligations are as follows:

Years ended June 30,	
2000	\$ 19,830
2001	6,243
2002	<u>686</u>
Total minimum lease payments	26,759
Less amount representing interest	<u>(2,126)</u>
Present value of future payments	<u>\$ 24,633</u>