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ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION WITH INDEPENDENT AUDITOR'S REPORT THEREON

For the Year Ended December 31, 2004

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

Release Date 6/22/05

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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John the Baptist Parish Community Action Agency (the "Agency"), a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2004, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2005, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rebowe & Company

March 18, 2005

REQUIRED SUPPLMENTARY INFORMATION

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the Year Ended December 31, 2004

Our discussion and analysis of the St. John the Baptist Parish Community Action Agency's ("Community Action Agency") financial performance provides an overview of the financial activities as of and for the year ended December 31, 2004. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the activities as a whole and present a longer-term view of the Community Action Agency's finances. Fund financial statements are enclosed. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplementary Information and the Supplementary Information schedule, is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

One of the most important questions asked about finance is, "Is the Community Action Agency as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information on the Community Action Agency as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the basis of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets (the difference between assets and liabilities) as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Community Action Agency.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Community Action Agency as a whole. Some funds are required to be established by State laws.

The Community Action Agency uses only the governmental type of funds with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Community Action Agency's programs. There were no differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds requiring reconciliations immediately following the fund financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, assets exceeded liabilities by $7,089 (net assets) for the year reported.
- Total net assets are comprised of restricted net assets of $493 for various grant programs and unrestricted net assets of $6,596.
- Total governmental funds reported total ending fund balance of $7,089. This compares to the prior year ending fund balance of $3,023, resulting in an increase of $4,066 during the current year.
- Total spending for all Agency activities was $334,048 for the year, which was $4,066 less than the program revenues for these activities.

The Statement of Net Assets and the Statement of Activities report only governmental activities. Operating grants and contributions finance the majority of these activities.

FINANCIAL ANALYSIS OF THE ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY AS A WHOLE

The overall financial position was stable during the year ended December 31, 2004. The balance in net assets of $7,089 represents the accumulated results of all past years' operations.

The Community Action Agency's overall revenues increased by approximately $46,000 from the previous year. The increase was due to increased funding from St. John the Baptist Parish Council for emergency assistance offset by a decrease in State funding for utility assistance. Requests for utility assistance are now submitted directly to the State.

The overall cost of all programs and services increased by approximately $33,000 which is directly related to the increased funding from St. John the Baptist Parish Council for emergency assistance offset by the decrease in utility assistance payments, which are now paid directly by the State.

FINANCIAL ANALYSIS OF THE ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY

The St. John the Baptist Parish Community Action Agency is a non profit organization. All funds are used for administrative purposes and activities such as emergency food and medical assistance, food distribution, and weatherization of qualified residences. All salaries and fringe benefits are reimbursed to the St. John the Baptist Parish Council as received from the State.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Our office staff and other costs remain stable and should continue to do so. If these estimates remain consistent, the Community Action Agency's General Fund balance is expected to remain the same.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Community Action Agency's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Elois Joseph, Executive Director, St. John the Baptist Parish Community Action Agency, P.O. Box 2108, Reserve, LA 70084 or call (985) 536-4955.

BASIC FINANCIAL STATEMENTS

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
STATEMENT OF NET ASSETS
December 31, 2004

ASSETS	
Cash and cash equivalents	$ 8,449
Due from other governments	22,734
Due from St. John Council	2,122
Total Assets	33,305
LIABILITIES	
Accounts payable	2,122
Due to St. John Council	24,094
Total Liabilities	26,216
NET ASSETS	
Restricted	493
Unrestricted	6,596
Total Net Assets	$ 7,089

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue And Changes In Net Assets
Governmental activities:					
Health and Welfare	$ 334,048	$ -	$ 337,878	$ -	$ 3,830
Total Governmental Activities	$ 334,048	$ -	$ 337,878	$ -	$ 3,830
General Revenues:					
Interest and investment earnings					236
Total general revenues					236
Change in net assets					4,066
Net assets - beginning of year					3,023
Net assets - end of year					$ 7,089

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2004

	General Fund	Community Services Block Grant Fund	Energy Assistance Fund	Other Governmental Fund FEMA Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 7,956	$ 20	$ 460	$ 13	$ 8,449
Due from St. John Council	2,122	-	-	-	2,122
Due from other governments					
State of Louisiana	-	12,734	10,000	-	22,734
Total assets	$ 10,078	$ 12,754	$ 10,460	$ 13	$ 33,305
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$ 2,122	$ -	$ -	$ -	$ 2,122
Due to St. John Council	1,360	12,734	10,000	-	24,094
Total liabilities	3,482	12,734	10,000	-	26,216
Fund balances:					
Reserved	-	20	460	13	493
Unreserved, undesignated					
General Fund	6,596	-	-	-	6,596
Total fund balances	6,596	20	460	13	7,089
Total liabilities and fund balances	$ 10,078	$ 12,754	$ 10,460	$ 13	$ 33,305

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	General Fund	Community Services Block Grant Fund	Energy Assistance Fund	Other Governmental Fund: FEMA Fund	Total Governmental Funds
Revenues					
Intergovernmental					
Federal grants	$ 13,237	$ 173,944	$ 17,386	$ 14,054	$ 218,621
St. John Council	107,699	-	-	-	107,699
Donations	11,558	-	-	-	11,558
Other	171	-	39	26	236
Total revenues	132,665	173,944	17,425	14,080	338,114
Expenditures					
Current:					
Health and welfare					
Personal services	-	114,573	17,571	-	132,144
Employee benefits	-	49,746	-	-	49,746
Operating services	117,516	6,055	-	14,091	137,662
Operating supplies	10,926	3,570	-	-	14,496
Total expenditures	128,442	173,944	17,571	14,091	334,048
Excess (deficiency) of revenues over expenditures	4,223	-	(146)	(11)	4,066
Fund balances, beginning of year	2,373	20	606	24	3,023
Fund balances, end of year	$ 6,596	$ 20	$ 460	$ 13	$ 7,089

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The financial statements of the St. John the Baptist Parish Community Action Agency (the "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.

The St. John the Baptist Parish Council established the Agency in 1980 to provide services to the elderly, handicapped, and economically disadvantaged citizens of St. John the Baptist Parish. These services include emergency food and medical assistance, food distribution, utility assistance, and weatherization of qualified residences. The Agency is governed by a Board of Directors consisting of not more than 15 members.

The more significant of the Agency's accounting policies are described below.

A. *Reporting Entity*

The St. John the Baptist Parish Council (the "Council") is the governing authority for the Parish of St. John the Baptist, a political subdivision of the State of Louisiana as authorized by the State Constitution. The Council consists of nine members, two of whom are elected from two divisions of the Parish consisting of 50% of the Parish's population and seven members elected to represent each of the seven districts. The Parish President, elected by the voters of the Parish, is the chief executive officer of the Parish and is responsible for carrying out the policies adopted by the Council and for the administration of all Parish departments, offices, agencies and special districts.

Louisiana Revised Statute 33:1236 gives the Council various powers in regulating and directing the affairs of the Parish and its inhabitants. The more notable of these are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and its drainage system; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the Parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various state and federal grants.

St. John the Baptist Parish occupies 351 square miles with a population of approximately 43,000. Council offices are located in the parish office building at 1801 West Airline Highway, LaPlace, Louisiana.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

As the governing authority of the Parish, for financial reporting purposes, the St. John the Baptist Parish Council is the reporting entity for 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 the 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.

Government Accounting Standards Board (GASB) 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 the following criteria to be considered in determining financial accountability:

1. Organizations for which the Council appoints a voting majority of the governing body, and:

    a. The ability of the Council to impose its will on that organization 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 which are fiscally dependent on the Council.

3. Organizations for which the reporting entity financial statements would be misleading if data for the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the Council has determined that the following component units are part of the reporting entity:

Component Unit	Fiscal Year End	Criteria Used
Community Action Agency	December 31	1.a.b.
Library	December 31	1.a.b.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

The accompanying financial statements present only the financial position and results of operations of the Community Action Agency of the St. John the Baptist Parish Council, and do not present financial information for the Council or for any of the other above-named component units of the Council. However, the Council and these component units are required to submit annual financial statements to the State of Louisiana Legislative Auditor.

GASB Statement No. 14 provides for the issuance of individual fund statements that are separate from those of the reporting entity. However, these individual fund financial statements are not a substitute for the reporting entity's financial statements. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to government units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the St. John the Baptist Parish Community Action Agency.

B. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds.

C. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to sick and vacation leave are recorded only when payment is due.

Those revenues considered susceptible to accrual include federal and state grants. Interest on time deposits are recorded when earned. Substantially all other revenues are recorded when received.

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recorded at the time of transfer.

Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Agency before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred revenue is removed from the governmental fund balance sheet and revenue is recognized.

The Agency reports only governmental funds (general fund and special revenue funds) of which the following represent the major governmental funds:

The *General Fund* is the general operating fund of the Agency. It accounts for all financial resources and expenditures, except those required to be accounted for in other funds.

The *Community Services Block Grant Fund* accounts for grants received from the Federal Community Block Grant Program.

The *Energy Assistance Fund* accounts for grants received from the Temporary Assistance to Needy Families Energy Assistance Program (TANF) and Low-Income Home Energy Assistance Program (LIHEAP).

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted as they are needed.

D. *Budgetary Accounting*

The Agency utilizes the budgetary restrictions included in its grant agreements for expenditure control. These agreements do not coincide with the Agency's fiscal year, but are budgeted on the fiscal years of the granting agencies. Accordingly, budget to actual comparisons are not presented in these statements.

All unexpended budgetary appropriations lapse at year end. The Agency does not utilize encumbrance accounting.

Additional details on the budgetary process may be found at Note 2.

E. *Cash, Cash Equivalents, and Investments*

Cash includes cash on hand, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Louisiana Revised Statutes, LSA-R.S. 33:2955, authorize the Agency to invest in 1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government; 2) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or United States government instrumentalities; 3) direct security repurchase agreements of any federal book-entry only securities; 4) time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in Louisiana, savings accounts or shares of savings and loan associations; 5) mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of, and limited to, securities of the United States government or its agencies; or 6) guaranteed investment contracts issued by a bank, financial institution, insurance company, or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

except in connection with a financing program approved by the Louisiana State Bond Commission.

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The Agency had no cash equivalents at December 31, 2004.

F. *Receivables*

Receivables consist primarily of amounts due from granting agencies for reimbursement of expenditures made by the Agency.

G. *Property and Equipment*

Title to all property and equipment used in the operation of the Agency is in the name of the St. John the Baptist Parish Council, and is reported in the Statement of Net Assets in the Council's basic financial statements. The Agency owns no property or equipment in its own name.

H. *Compensated Absences*

The Council has the following policies relating to vacation and sick leave, which apply to employees of the Agency:

Employees earn from 5 to 20 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. At retirement, all employees are paid for the total unused sick days at the regular hourly rate up to a maximum of 90 days. All accumulated, unused, and unpaid sick leave days in excess of 90 days are forwarded to the retirement system for conversion upon application for normal retirement. The accumulation of sick leave is nominal at December 31, 2004, therefore, a liability for compensated absences due employees has not been included in the financial statements.

Leave privileges associated with employees of the Agency are recorded as a fund liability and operating expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

I. *Fund Equity*

In the government-wide financial statements, equity is classified as net assets and displayed as follows:

a. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets - all other net assets that do not meet the definition of "restricted".

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

K. *Accounting Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

The Agency utilizes the budgets contained in its grant agreements for budgetary control in its special revenue funds as described in Note 1. All funds in the General Fund are budgeted by the St. John the Baptist Parish Council, and included in the financial statements of the Council, using the following procedures:

(1) At least sixty (60) days before the beginning of the fiscal year, the President submits a line item operating budget and a capital budget in accordance with accepted accounting procedures in a format established by the Parish Council. The budget submitted shall be balanced. The President submits with the budget a message containing recommendations concerning the fiscal policy of the Parish, a description of the important features of the budget, and an explanation of all major increases or decreases in budget recommendations as compared with expenditures of the prior year.

(2) The Parish Council publishes the proposed budget in the official journal two (2) weeks before the meeting at which the budget is to be adopted. The budget as adopted constitutes an appropriation of funds for all purposes contained therein. A budget ordinance becomes effective the first day of the fiscal year, unless otherwise provided therein.

(3) The Parish Council may amend the budgets before adoption except that no items for debt service may be reduced below the amount certified by the President as necessary. In no event should the Parish Council cause the total expenditures to exceed anticipated revenues. If the Parish Council fails to act on either budget within the time limit, it shall be adopted as submitted by the President.

Since the Agency does not formally adopt a budget, budgetary comparisons are not presented.

NOTE 3 - DEPOSITS

At December 31, 2004, the Agency had cash and cash equivalents (book balances) totaling $8,449.

These deposits are stated at cost. 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 fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

NOTE 3 - DEPOSITS (CONTINUED)

At December 31, 2004, the Agency had $8,712 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

NOTE 4 - DUE FROM OTHERS

Amounts due from others consist of expense reimbursements due from the State of Louisiana in connection with the Agency's Community Services Block Grant (CSBG), Low Income Home Energy Assistance Program (LIHEAP), and due from St. John the Baptist Parish as follows:

CSBG	$ 12,734
LIHEAP	10,000
Due from other governments	22,734
St. John the Baptist Parish	2,122
Total due from others	$ 24,856

NOTE 5 - DUE TO ST. JOHN COUNCIL

Salaries and related benefits for employees of the Agency are paid by the St. John the Baptist Parish Council, which is reimbursed when the Agency receives funding through its Community Services Block Grant. Food costs are also paid by the St. John the Baptist Parish Council, which is reimbursed when the Agency receives funding through its FEMA Grant. At December 31, 2004, $24,094 was due to the Council for various salaries and benefits.

NOTE 6 - PENSION PLAN

Plan Description. Substantially all employees of the St. John the Baptist Council, including the employees of the St. John the Baptist Parish Community Action Agency, are members of the Parochial Employees' Retirement System of Louisiana (the 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 and Agency are members of Plan A.

NOTE 6 - PENSION PLAN (CONTINUED)

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 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 Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 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 the Baptist Council is required to contribute at an actuarially determined rate. Effective January 1, 1997, the current employer contribution rate is 7.75 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 the Baptist Council 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.

NOTE 6 - PENSION PLAN (CONTINUED)

The following provides certain disclosures for the St. John the Baptist Parish Community Action Agency's contributions to the System under Plan A.

	FYE 12/31/02	FYE 12/31/03	FYE 12/31/04
Employer required contribution rate	7.75%	7.75%	11.75%
Covered payroll	$104,884	$111,677	$114,979
Required employer contributions	$ 8,128	$ 8,655	$ 13,510
Parish contributions	$ 8,128	$ 8,655	$ 13,510

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

The St. John the Baptist Council provides certain continuing health care and life insurance benefits for its employees. Substantially all of the Council's employees become eligible for these benefits if they reach normal retirement age while working for the Council. Health care and life insurance benefits for retirees and similar benefits for active employees are provided through an insurance company. The monthly premiums of these benefits are paid by the St. John the Baptist Parish Council, which is reimbursed when the Agency receives funding through its Community Services Block Grant. The Agency recognizes the costs of providing these benefits as expenditures when paid during the year. At December 31, 2004, no post-employment benefits were paid by the Agency.

NOTE 8 - COMPENSATED ABSENCES

Only full time regular employees with a minimum of six months of employment service are eligible for sick pay. Upon retirement, all employees are paid for the total unused sick days at the regular hourly rate up to a maximum of 90 days. At retirement, all accumulated, unused, and unpaid sick leave days in excess of 90 days are forwarded to the retirement system for conversion upon application for normal retirement. At December 31, 2004, the Agency's employees had no accumulated or vested employee leave benefits that would materially affect the financial statements.

NOTE 9 - RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Parish purchases commercial insurance from independent third parties to manage the risk of loss, and the policies

NOTE 9 - RISK MANAGEMENT (CONTINUED)

covering the Agency are included in the Council's insurance portfolio. The more significant insurance coverages include general liability, officers' and directors' liability, workers' compensation, business auto, and commercial property.

Health benefits for the Agency's retirees and similar benefits for the active employees are provided through an insurance company whose monthly premiums are paid by the St. John the Baptist Parish Council, which is reimbursed when the Agency receives funding through its Community Services Block Grant.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Agency is not subject to civil actions without recourse to the Parish Council. Accordingly, any contingencies or disclosures related to litigation may be found in the financial statements of the Council.

SUPPLEMENTARY INFORMATION

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
For the Year Ended December 31, 2004

The schedule of compensation paid to the Board of Directors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. During the year ended December 31, 2004, compensation of the Agency is included in the operating service expenditures of the General Fund. In accordance with Louisiana Revised Statutes, at LSA-R.S. 33:1233, the Chairman and Board Members may receive $40 for each board meeting attended.

Chairman	Amount
Whitney Joseph	$ 80
Board Members	
Sheila Baloney	$ 160
Alex Cook	160
Linda Dumas	120
Eliana Defrancesch	-
Ethel Fisher	160
Oliver Gordon	120
Valencia H. Green	40
Beryl Lebeouf	120
Beverly Mitter	120
Warren Pierre	120
Lester Rainey, Jr.	-
Patrick Sanders	120
Emelda Saul	40
Capt. Michael Tregre	80
Board Members Total	$ 1,440
Alternate Members	
Tameka Charles	$ 40
Eartha Hill	40
Darrell Pierre	40
Donald Saul	80
Alternate Members Total	$ 200

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John the Baptist Parish Community Action Agency (the "Agency"), a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2004, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Agency's management, the St. John the Baptist Parish Council, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

Metairie, Louisiana
March 18, 2005

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the **St. John the Baptist Parish Community Action Agency**.

2. No reportable conditions in internal controls are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters 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 the **St. John the Baptist Parish Community Action Agency** which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. A Management Letter was not issued.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings for the current year.

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
December 31, 2004

There were no prior year findings as defined by *Governmental Auditing Standards* that are required to be addressed in this section.

ST. JOHN THE BAPTIST PARISH COMMUNITY ACTION AGENCY
ST. JOHN THE BAPTIST PARISH COUNCIL
RESERVE, LOUISIANA
CORRECTIVE ACTION PLAN
December 31, 2004

There are no compliance and/or internal control findings as described in the Schedule of Findings and Questioned Costs. Accordingly, there is no corrective action plan required as part of this section.