

MADISON PARISH POLICE JURY
Tallulah, Louisiana

Primary Government Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1996
With Supplemental Information Schedules

MADISON PARISH POLICE JURY
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With Supplemental Information Schedules

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MADISON PARISH POLICE JURY
 Tallulah, Louisiana
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MADISON PARISH POLICE JURY
Tallulah, Louisiana
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Independent Auditor's Report

MADISON PARISH POLICE JURY Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury, as of December 31, 1996, and for each of the years in the two year period then ended, as listed in the table of contents. These primary government financial statements are the responsibility of the Madison Parish Police Jury's management. My responsibility is to express an opinion on these primary government financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the primary government 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. I believe that my audit provides a reasonable basis for my opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In my opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of Madison Parish Police Jury, as of December 31, 1996, and the results of its operations for each of the years in the two year period then ended, in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of the Madison Parish Police Jury, do not purport to, and do not, present fairly the financial position of the Madison Parish Police Jury at December 31, 1996, and results of its operations for each of the years in the two year period then ended in conformity with generally accepted accounting principles.

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MADISON PARISH POLICE JURY

Tallulah, Louisiana
Independent Auditor's Report,
December 31, 1996

My audit was made for the purpose of forming an opinion on the primary government financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the primary government financial statements of the Madison Parish Police Jury. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.

In accordance with *Government Auditing Standards* and OMB Circular A-128, I have also issued reports dated July 31, 1997, on the Madison Parish Police Jury's schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants; and my consideration of the agency's internal control structure.



West Monroe, Louisiana
July 31, 1997

**PRIMARY GOVERNMENT FINANCIAL STATEMENTS
(OVERVIEW)**

Statement A

MADISON PARISH POLICE JURY
Tallulah, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL....FUND TYPE....				..ACCOUNT GROUPS..			TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	CDBG CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT			
ASSETS AND OTHER DEBITS								
Cash and cash equivalents		\$173,809	\$289				\$174,098	
Investments		98,305					98,305	
Receivables	\$163,960	1,195,319	4,859				1,364,138	
Due from other funds	54,933	251,619					306,552	
Other assets	15,614						15,614	
Land, buildings, and equipment				\$4,722,774			4,722,774	
Amount to be provided for retirement of general long-term debt					\$327,689		327,689	
TOTAL ASSETS AND OTHER DEBITS	\$234,507	\$1,719,052	\$5,148	\$4,722,774	\$327,689		\$7,009,170	
LIABILITIES AND FUND EQUITY								
Liabilities:								
Cash overdraft	\$18,913	\$284					\$19,197	
Accounts payable	102,380	223,198	\$5,148				330,726	
Deposits		10,000					10,000	
Due to other funds	190,147	51,163					241,310	
Deferred revenues	896	63,613					64,509	
Capital leases payable					\$150,189		150,189	
Judgment payable					177,500		177,500	
Total Liabilities	312,336	348,258	5,148	NONE	327,689		993,431	
Fund Equity:								

Investment in general fixed assets					4,722,774
Fund balances - unreserved - undesignated	(77,829)	1,370,794		\$4,722,774	1,292,965
Total Fund Equity	<u>(77,829)</u>	<u>1,370,794</u>	<u>NONE</u>	<u>4,722,774</u>	<u>6,015,739</u>
TOTAL LIABILITIES					
AND FUND EQUITY	<u>\$234,507</u>	<u>\$1,719,052</u>	<u>\$5,148</u>	<u>\$4,722,774</u>	<u>\$7,009,170</u>

The accompanying notes are an integral part of this statement.

MADISON PARISH POLICE JURY
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1996

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CDBG CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES				
Taxes:				
Ad valorem	\$117,145	\$1,186,293		\$1,303,438
Other taxes, penalties, and interest	9,271			9,271
Licenses and permits	267,631			267,631
Intergovernmental revenues:				
Federal funds - federal grants	131,525	6,085	\$460,674	598,284
State funds:				
Parish transportation funds		200,119		200,119
State revenue sharing (net)	17,216	93,989		111,205
Severance taxes	27,581			27,581
Video poker	79,036			79,036
Other	22,182	12,651		34,833
Local funds	4,050			4,050
Fees, charges, and commissions for services	771	241,287		242,058
Fines and forfeitures		198,218		198,218
Use of money and property	2,414	27,558		29,972
Other revenues	2,185	3,915		6,100
Total revenues	<u>681,007</u>	<u>1,970,115</u>	<u>460,674</u>	<u>3,111,796</u>
EXPENDITURES				
Current:				
General government:				
Legislative	65,708			65,708
Judicial	114,679	208,411		323,090
Elections	26,157			26,157
Finance and administrative	128,657		5,229	133,886
Other general government		83,958		83,958
Public safety	155,282	3,410		158,692
Public works	11,645	1,320,513		1,332,158
Health and welfare	52,261	55,212		107,473
Culture and recreation		129,781		129,781

(Continued)

Statement B

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances, 1996

	GENERAL FUND	SPECIAL REVENUE FUNDS	CDBG CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
EXPENDITURES: (CONTD.)				
Economic development and assistance	17,709			17,709
Debt service	15,198	49,972		65,170
Capital outlay			460,598	460,598
Intergovernmental	67,302			67,302
Total expenditures	<u>654,598</u>	<u>\$1,851,257</u>	<u>465,827</u>	<u>2,971,682</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	26,409	118,858	(5,153)	140,114
OTHER FINANCING SOURCE (Use)				
Increase in capital leases		87,490		87,490
Insurance proceeds	13,174			13,174
Operating transfer in	61,523	151,046	5,153	217,722
Operating transfer out	(5,153)	(218,418)		(223,571)
Total other financing sources (Uses)	<u>69,544</u>	<u>20,118</u>	<u>5,153</u>	<u>94,815</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	95,953	138,976	NONE	234,929
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>(173,782)</u>	<u>1,231,818</u>	<u>NONE</u>	<u>1,058,036</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u>(\$77,829)</u>	<u>\$1,370,794</u>	<u>NONE</u>	<u>\$1,292,965</u>

(Concluded)

The accompanying notes are an integral part of this statement.

MADISON PARISH POLICE JURY
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1995

	GENERAL FUND	SPECIAL REVENUE FUNDS	CDBG CAPITAL PROJECTS	TOTAL (MEMORANDUM ONLY)
REVENUES				
Taxes:				
Ad valorem	\$169,973	\$920,793		\$1,090,766
Other taxes, penalties, and interest	9,158			9,158
Licenses and permits	258,316			258,316
Intergovernmental revenues:				
Federal funds - federal grants	147,824	11,897	\$42,989	202,710
State funds:				
Parish transportation funds		173,066		173,066
State revenue sharing (net)	20,193	118,197		138,390
Severance taxes	19,891			19,891
Video poker	79,163			79,163
Other	72,014	58		72,072
Local funds	6,506			6,506
Fees, charges, and commissions for services	1,394	222,312		223,706
Fines and forfeitures		180,903		180,903
Use of money and property	4,611	37,977		42,588
Other revenues	576	5,593		6,169
Total revenues	<u>789,619</u>	<u>1,670,796</u>	<u>42,989</u>	<u>2,503,404</u>
EXPENDITURES				
Current:				
General government:				
Legislative	83,791			83,791
Judicial	110,901	206,418		317,319
Elections	31,444			31,444
Finance and administrative	127,223		14,589	141,812
Other general government	53,042			53,042
Public safety	191,977	3,470		195,447
Public works	11,667	1,273,963		1,285,630
Health and welfare	50,442	29,556		79,998
Culture and recreation	1,212	129,442		130,654

(Continued)

Statement C

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances, 1995

	GENERAL FUND	SPECIAL REVENUE FUNDS	CDBG CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
EXPENDITURES: (CONTD.)				
Economic development and assistance	\$28,672			\$28,672
Debt service	16,397	\$57,361		73,758
Capital outlay			\$28,400	28,400
Intergovernmental	<u>56,617</u>			<u>56,617</u>
Total expenditures	<u>763,385</u>	<u>1,700,210</u>	<u>42,989</u>	<u>2,506,584</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	26,234	(29,414)	NONE	(3,180)
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>(200,016)</u>	<u>1,261,232</u>	<u>NONE</u>	<u>1,061,216</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u><u>(\$173,782)</u></u>	<u><u>\$1,231,818</u></u>	<u><u>NONE</u></u>	<u><u>\$1,058,036</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

MADISON PARISH POLICE JURY
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL
AND SPECIAL REVENUE FUNDS
(Excluding Criminal Court and Courthouse & Jail Maintenance Special Revenue Funds)

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(Non-GAAP Basis) and Actual
For the Year Ended December 31, 1996

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES						
Taxes:						
Ad valorem	\$189,155	\$172,038	(\$17,117)	\$915,660	\$972,501	\$56,841
Other taxes, penalties, and interest	8,500	12,333	3,833			
Licenses and permits	245,300	275,856	30,556			
Intergovernmental revenues:						
Federal grants	103,574	129,467	25,893	47,557	6,085	(41,472)
State funds:						
Parish transportation funds				181,776	200,119	18,343
State revenue sharing (net)	16,599	20,402	3,803	84,207	93,341	9,134
Severance taxes	25,000	21,405	(3,595)			
Other	94,000	80,981	(13,019)	150	12,651	12,501
Local funds	7,500	4,000	(3,500)			
Fees, charges, & commissions for services	1,500	2,450	950	187,800	188,739	939
Fines and forfeitures				900	914	14
Use of money and property	1,400	1,624	224	16,850	27,298	10,448
Other revenues	1,300	2,185	885	200	3,915	3,715
Total revenues	<u>693,828</u>	<u>722,741</u>	<u>28,913</u>	<u>1,435,100</u>	<u>1,505,563</u>	<u>70,463</u>
EXPENDITURES						
Current:						
General government:						
Legislative	68,896	65,945	2,951			
Judicial	100,558	88,067	12,491			
Elections	23,749	22,792	957			
Finance and administrative	114,800	133,980	(19,180)			
Other general government	97,059	80,684	16,375			
Public safety	155,300	173,679	(18,379)			
Public works	12,000	7,047	4,953	1,147,884	1,231,606	(83,722)
Health and welfare	29,139	49,871	(20,732)	32,694	27,855	4,839
Culture and recreation				128,762	128,513	249
Economic development and assistance	21,889	13,653	8,236			
Intergovernmental	64,000	45,491	18,509			
Debt service	6,125	10,985	(4,860)	59,606	47,515	12,091
Total expenditures	<u>693,515</u>	<u>692,194</u>	<u>1,321</u>	<u>1,368,946</u>	<u>1,435,489</u>	<u>(66,543)</u>

(Continued)

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL
 AND SPECIAL REVENUE FUNDS
 (Excluding Criminal Court and Courthouse & Jail
 Maintenance Special Revenue Funds)
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget
 (Non-GAAP Basis) and Actual, 1996

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$313	\$30,547	\$30,234	\$66,154	\$70,074	\$3,920
OTHER FINANCING SOURCES (Uses)						
Insurance proceeds		13,175	13,175			
Operating transfers in						
Operating transfers out					(151,046)	(151,046)
Total other financing sources (use)	<u>NONE</u>	<u>13,175</u>	<u>13,175</u>	<u>NONE</u>	<u>(151,046)</u>	<u>(151,046)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	313	43,722	43,409	66,154	(80,972)	(147,126)
FUND BALANCES AT BEGINNING OF YEAR	<u>57,314</u>	<u>(375,359)</u>	<u>(432,673)</u>	<u>354,093</u>	<u>618,294</u>	<u>264,201</u>
FUND BALANCES AT END OF YEAR	<u>\$57,627</u>	<u>(\$331,637)</u>	<u>(\$389,264)</u>	<u>\$420,247</u>	<u>\$537,322</u>	<u>\$117,075</u>

(Concluded)

The accompanying notes are an integral part of this statement.

MADISON PARISH POLICE JURY
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL
AND SPECIAL REVENUE FUNDS
(Excluding Criminal Court Special Revenue Fund)

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(Non-GAAP Basis) and Actual
For the Year Ended December 31, 1995

	...GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES						
Taxes:						
Ad valorem	\$157,102	\$161,384	\$4,282	\$856,042	\$881,965	\$25,923
Other taxes, penalties, and interest	9,780	9,780				
Licenses and permits	263,147	264,654	1,507			
Intergovernmental revenues:						
Federal grants	199,985	199,985		46,922	11,897	(35,025)
State funds:						
Parish transportation funds				174,405	173,066	(1,339)
State revenue sharing (net)	16,559	16,559		84,510	89,995	5,485
Severance taxes	26,662	26,662				
Other	106,602	106,602		200	58	(142)
Local funds	15,000	13,143	(1,857)			
Fees, charges, & commissions for services	1,632	1,394	(238)	187,800	186,160	(1,640)
Fines and forfeitures				900	902	2
Use of money and property	2,540	2,902	362	24,930	23,622	(1,308)
Other revenues	2,000	1,242	(758)	400	2,593	2,193
Total revenues	<u>801,009</u>	<u>804,307</u>	<u>3,298</u>	<u>1,376,109</u>	<u>1,370,258</u>	<u>(5,851)</u>
EXPENDITURES						
Current:						
General government:						
Legislative	74,886	80,916	(6,030)			
Judicial	114,072	112,397	1,675			
Elections	30,580	30,891	(311)			
Finance and administrative	133,054	146,525	(13,471)			
Other general government	52,073	54,080	(2,007)			
Public safety	181,150	189,009	(7,859)			
Public works	12,000	11,668	332	1,213,010	1,194,030	18,980
Health and welfare	48,803	49,287	(484)	39,444	33,089	6,355
Culture and recreation	5,000	1,212	3,788	144,097	133,322	10,775
Economic development and assistance	20,647	28,677	(8,030)			
Intergovernmental	72,886	79,561	(6,675)			
Debt service	15,802	13,166	2,636	89,606	124,494	(34,888)
Total expenditures	<u>760,953</u>	<u>797,389</u>	<u>(36,436)</u>	<u>1,486,157</u>	<u>1,484,935</u>	<u>1,222</u>

(Continued)

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL
 AND SPECIAL REVENUE FUNDS
 (Excluding Criminal Court Special Revenue Fund)
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget
 (Non-GAAP Basis) and Actual, 1995

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$40,056	\$6,918	(\$33,138)	(\$110,048)	(\$114,677)	(\$4,629)
FUND BALANCES AT BEGINNING OF YEAR	<u>15,070</u>	<u>(382,277)</u>	<u>(397,347)</u>	<u>527,944</u>	<u>732,971</u>	<u>205,027</u>
FUND BALANCES AT END OF YEAR	<u>\$55,126</u>	<u>(\$375,359)</u>	<u>(\$430,485)</u>	<u>\$417,896</u>	<u>\$618,294</u>	<u>\$200,398</u>

(Concluded)

The accompanying notes are an integral part of this statement.

MADISON PARISH POLICE JURY
Tallulah, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Madison Parish Police Jury is the governing authority for Madison Parish and is a political subdivision of the State of Louisiana. The police jury is governed by five jurors representing the various districts within the parish. The jurors serve four-year terms which expire in January, 1996.

Louisiana Revised Statute 33:1236 gives the police jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the powers to make regulations for their own government, to regulate the construction and maintenance of roads and bridges, to regulate the construction and maintenance of drainage systems, 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, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

In accomplishing its objectives, the police jury also has the authority to create special districts (component units) within the parish. The districts perform specialized functions, such as recreational facilities, library facilities, and health care facilities.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
and

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

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

Based on the previous criteria, the police jury has determined that the following component units are part of the reporting entity:

Component Unit	Fiscal Year End	Criteria Used
Sixth Judicial District Criminal Court	December 31	2 and 3
Madison Parish Library	December 31	1, 2, and 3
Madison Parish Hospital Service District	December 31	1 and 3
Madison Parish Port Commission	December 31	1 and 3
Madison Parish Recreation District Bear Lake Fire Protection District No. 1	December 31	1, 2, and 3
Madison Parish Tax Assessor	December 31	2 and 3
Madison Parish Clerk of Court	June 30	2 and 3
Madison Parish Sheriff	June 30	2 and 3

These primary government (police jury) financial statements include all funds, account groups, and organizations for which the police jury maintains the accounting records. The organization for which the police jury maintains the accounting records are considered part of the primary government (police jury) and include the Sixth Judicial District Criminal Court and Madison Parish Library.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (police jury) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements

MADISON PARISH POLICE JURY

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

have been prepared in conformity with generally accepted accounting principles as applied to governmental 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 primary government (police jury).

Considered in the determination of component units of the reporting entity were the Madison Parish School Board, the District Attorney and Judges for the Sixth Judicial District, and the various municipalities in the parish. It was determined that these governmental entities are not component units of the Madison Parish Police Jury reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Madison Parish Police Jury.

B. FUND ACCOUNTING

The police jury uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The police jury's current operations require the use of governmental and fiduciary funds. The fund types used by the police jury are described as follows:

MADISON PARISH POLICE JURY
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

Governmental Funds:

General Fund

The General Fund is the general operating fund of the police jury. It accounts for all activities except those required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes such as road and drainage maintenance and construction, library operation, health unit operation, etc.

Capital Projects Fund

The CDBG Capital Projects Fund accounts for construction and equipping of fire stations in the parish.

C. GENERAL FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 25 per cent of general fixed assets are valued at estimated historical cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received. Book inventory of the library is reported on a moving-average basis, which more closely reflects current replacement cost.

The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds. Public domain or infrastructure general fixed assets consisting of roads, bridges and drainage systems are not capitalized, as these assets are immovable and of value only to the police jury. No depreciation is recognized on general fixed assets.

MADISON PARISH POLICE JURY

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Long-term debt, such as judgments payable, bank loans payable, and capital leases payable, are recognized as a liability of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.

D. BASIS OF ACCOUNTING

The 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 for 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 for reporting all governmental fund types and the fiduciary fund type agency fund. 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. The police jury uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year. State revenue sharing funds, which are not received during the first 60 days of the ensuing year, are recognized as deferred revenue on the balance sheet of the fund.

Off-track betting fees, which are included in licenses and permits revenue, are reflected in the year for which they are due.

Federal and state grants are recorded when the police jury is entitled to the funds.

MADISON PARISH POLICE JURY

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recorded when they become available to the police jury.

Based on the above criteria, ad valorem taxes, state revenue sharing, federal and state grants, and off-track betting fees are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due, and compensated absences, which are recognized when paid.

Other Financing Source

Increase in capital lease is accounted for as other financing source and is recognized when the underlying event occurs.

E. BUDGET PRACTICES

Preliminary budgets for the ensuing year are prepared by the secretary-treasurer beginning in October. The finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Prior to its regular December meeting, the jury holds a public hearing on the proposed budgets in order to receive comments from citizens. Changes are made to the proposed budgets based on the public hearing and the desires of the police jury as a whole. The budgets are then adopted during the regular December meeting, and notice is published in the official journal.

During the year, the police jury receives monthly budget comparison statements which are used as a tool to control the operations of the parish. The secretary-treasurer presents necessary budget amendments to the jury when she determines that actual operations are differing materially from those anticipated in the original budget. The jury in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in jury minutes

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

published in the official journal. The police jury exercises budgetary control at the functional level. Within functional levels, the secretary-treasurer has the authority to make amendments as necessary. The police jury does not utilize encumbrance accounting, however, the original budgets and any subsequent amendments are incorporated into the accounting system. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. For the two years ended December 31, 1996, cash basis budgets were adopted for the General Fund and all special revenue funds, except the Criminal Court Special Revenue Fund and the Garbage Special Revenue Fund. The Criminal Court Special Revenue Fund is exempt from the requirements of the Local Government Budget Act. A modified accrual basis budget was adopted for the Garbage Special Revenue Fund to ensure compliance with restrictions on the use of surplus contained in that fund's ad valorem tax proposition.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. The following reconciles the excess of revenues and other sources over expenditures and other uses as shown on budgetary comparison Statement C (budget basis) to the same amounts shown on Statement B (GAAP basis):

	General....Fund....		Special Revenue Funds	
	1996	1995	1996	1995
Excess (deficiency) of revenues and other source over expenditures (budget basis)	\$43,722	\$6,918	(\$80,972)	(\$114,677)
Adjustments:				
Receivables	(62,523)	(1,338)	183,836	48,216
Payables	(55,227)	11,851	(40,233)	64,366
Interfund transfers	(11,373)			
Deferred revenues	(896)	(7,268)	(57,701)	(56,407)
Funds not budgeted			128,378	18,814
Criminal Court Surplus	4,050	6,506		
Other	178,200	9,565	5,668	10,274
Excess (deficiency) of revenues and other source over expenditures (GAAP basis)	<u>\$95,953</u>	<u>\$26,234</u>	<u>\$138,976</u>	<u>(\$29,414)</u>

The following schedule reconciles actual ending fund balances as shown on Statement D with cash and cash equivalents on Statement A:

MADISON PARISH POLICE JURY
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund balances at end of year - Statement D	(\$331,637)	\$559,292
Adjustments:		
Funds not budgeted		\$83,458
Garbage Maintenance Fund accruals		(378,431)
Interfund adjustments	\$344,867	(2,489)
Road damage deposit		10,000
Investments		(98,305)
Cash overdraft		284
Payroll account	12,730	
Accounts payable clearing account	<u>(\$109,431)</u>	
Cash and cash equivalents - Statement A	<u>(\$83,471)</u>	<u>\$173,809</u>

F. CASH AND CASH EQUIVALENTS

Under state law, the police jury may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1996, the police jury has cash and cash equivalents (book balances - net of cash overdrafts) totaling \$154,901.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1996, are secured as follows:

Bank Balances	<u>\$483,186</u>
Federal deposit insurance	\$169,054
Pledged securities (uncollateralized)	<u>659,010</u>
Total	<u>\$828,064</u>

MADISON PARISH POLICE JURY
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the police jury, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand.

G. ANNUAL AND SICK LEAVE

The following provides detail on vacation and sick leave policies of the police jury and the other component units included in the accompanying financial statements.

Police Jury

Employees of Police Jury receive 10 to 20 days of annual leave each year, depending on the length of service. A maximum of 5 days vacation leave may be carried forward to the next year. Upon separation or retirement, employees are paid for any unused vacation leave. Jury employees earn 12 days sick leave each year. Sick leave may accumulate to a maximum of 90 days. Upon retirement, all unused accumulated sick leave is used in retirement benefit computations as earned service.

Library

Substantially all employees of the library are granted 10 to 20 days of vacation leave each year, depending upon professional status and length of service with the library. Vacation leave is not cumulative. After 6 months of employment, library employees earn 12 days sick leave each year.

Sick leave may be accumulated by employees in an amount not to exceed 60 days for each employee. Upon resignation, an employee's accumulated sick leave is canceled.

Criminal Court

Employees of the criminal court earn 5 to 10 days of vacation leave each year, depending on length of service. Vacation leave must be taken in the year earned and cannot be carried forward. Sick leave is granted as needed at the discretion of the district attorney and judges of the district.

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

At December 31, 1996, the maximum amount of accumulated and vested employee leave benefits is not material and is not reflected in the financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued leave upon separation of employment.

H. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations 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.

2. EXPENDITURES - ACTUAL AND BUDGET

For the year ended December 31, 1996, the Garbage Maintenance Fund had actual expenditures and other uses of \$674,994, which exceeded budgeted amounts by \$205,583 or 44%. The police jury will monitor its budget more closely in the future and make budget amendments as needed.

3. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied ..Millage..</u>		<u>Expiration Date</u>
		<u>1996</u>	<u>1995</u>	
Parishwide taxes:				
General Fund:				
Inside municipalities	2.00	1.55	1.95	Indefinite
Outside municipalities	4.00	3.10	3.91	Indefinite
Public Works	17.05	15.57	18.95	1998
Health Unit	1.30	1.07	1.30	2002
Library	3.94	3.24	3.94	2002
Courthouse and Jail	3.00	2.47	3.00	2002
Garbage District	10.00	8.22	10.00	2002

The difference between authorized and levied millages is the result of reassessments of the taxable property required by Article 7, Section 18 of the Louisiana Constitution of 1974.

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

On November 5, 1996, voters of the parish approved a rededication of 5 mills of the 10 mill garbage tax for the purpose of operating, maintaining and improving the parish courthouse and jail; provided there is sufficient revenues to maintain an annual surplus of at least \$150,000 in the Garbage Special Revenue Fund.

The following are the principal taxpayers for the parish and their 1996 assessed valuation:

	1996 Assessed Valuation	Per cent of Total Assessed Valuation
Orgulf Transport Company	\$4,110,600	9.07%
Entergy Louisiana, Inc.	2,785,060	6.14%
South Central Bell Company	1,060,440	2.34%
American River Transportation	1,028,980	2.27%
Kansas City Southern	894,750	1.97%
American Tel. & Tel. Company	852,320	1.88%
Trans-American Development	841,612	1.86%
Hibernia National Bank	804,343	1.77%
Chicago Mill & Lumber Company	694,104	1.53%
People's Water Service Co.	629,860	1.39%
Total	<u>\$13,702,069</u>	<u>30.23%</u>

4. RECEIVABLES

The following is a summary of receivables at December 31, 1996:

	General Fund	Special Revenue Funds	Capital Project Fund	Total
Taxes - Ad valorem	\$96,540	\$1,088,099		\$1,184,639
Grants:				
Federal	18,075		\$4,859	22,934
State	27,053	95,421		122,474
Other	22,292	11,799		34,091
Total	<u>\$163,960</u>	<u>\$1,195,319</u>	<u>\$4,859</u>	<u>\$1,364,138</u>

MADISON PARISH POLICE JURY
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

5. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in general fixed assets for the two years ended December 31, 1996:

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
1995:				
Police jury:				
Land	\$338,750			\$338,750
Buildings	2,108,588			2,108,588
Equipment	1,163,403	\$18,000		1,181,403
Construction in progress	NONE	28,400		28,400
Total police jury	<u>3,610,741</u>	<u>46,400</u>	<u>NONE</u>	<u>3,657,141</u>
Library:				
Land	17,000			17,000
Buildings	268,035			268,035
Equipment	70,259	665		70,924
Library books and other	252,732	7,811	(\$4,802)	255,741
Total library	<u>608,026</u>	<u>8,476</u>	<u>(4,802)</u>	<u>611,700</u>
Total	<u>\$4,218,767</u>	<u>\$54,876</u>	<u>(\$4,802)</u>	<u>\$4,268,841</u>
1996:				
Police jury:				
Land	\$338,750			\$338,750
Buildings	2,108,588			2,108,588
Equipment	1,181,403		(\$17,951)	1,163,452
Construction in progress	28,400	\$460,597		488,997
Total police jury	<u>3,657,141</u>	<u>460,597</u>	<u>(17,951)</u>	<u>4,099,787</u>
Library:				
Land	17,000			17,000
Buildings	268,035			268,035
Equipment	70,924	5,276		76,200
Library books and other	255,741	7,778	(1,767)	261,752
Total library	<u>611,700</u>	<u>13,054</u>	<u>(1,767)</u>	<u>622,987</u>
Total	<u>\$4,268,841</u>	<u>\$473,651</u>	<u>(\$19,718)</u>	<u>\$4,722,774</u>

6. PENSION PLAN

Substantially all employees of the Madison Parish Police Jury are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit

MADISON PARISH POLICE JURY

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

pension plan 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 police jury are members of Plan A.

All permanent employees working at least twenty-eight 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 before 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 before January 1, 1980, plus 3 per cent of final-average salary for each 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 benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available 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 of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the Madison Parish Police Jury is required to contribute at an actuarially determined rate. The current rate is 8.00 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. 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 Madison Parish Police Jury 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 for the prior fiscal year. The Madison Parish Police Jury's contributions to the System under Plan A for the years ending December 31, 1996, 1995, and 1994, were \$51,262, \$57,109, and \$54,187, respectively, equal to the required contributions for each year.

7. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Madison Parish Police Jury provides certain continuing health care and life insurance benefits

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

for its retired employees. Substantially all of the police jury's employees become eligible for these benefits if they reach normal retirement age while working for the police jury. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the police jury. The police jury recognizes the cost of providing these benefits (the police jury's portion of premiums) as an expenditure when monthly premiums are due, which was \$58,753 for 1996 and \$63,698 for 1995. The cost of retiree benefits totaled \$22,745 for 1996 and \$23,227 for 1995.

8. LEASES

The police jury records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 1996, the police jury has four capital leases; three for equipment and one for a copier. The leases had an original recorded amount of \$244,234. The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 1996:

<u>Year</u>	<u>Payments</u>
1997	\$56,674
1998	53,834
1999	34,382
2000	17,498
2001	<u>2,917</u>
Total minimum lease payments	165,305
Less - amount representing interest	<u>(15,117)</u>
Present value of net minimum lease payments	<u>\$150,188</u>

9. BANK LOANS PAYABLE

There were no bank loans outstanding at December 31, 1996. The following is a summary of bank loans transactions for the two years ended December 31, 1996:

Bank loans payable at January 1, 1995	\$230,000
1995:	
Additions	200,000
Deletions	(210,000)
1996:	
Deletions	<u>(220,000)</u>
Bank loans payable at December 31, 1996	<u>NONE</u>

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

13. DUE FROM/TO OTHER FUNDS

Individual fund amounts due from/to other funds at December 31, 1996, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$54,933	\$190,147
Special Revenue Funds:		
Public Works	30,079	31,902
Health Unit	851	NONE
Garbage	199,344	3,764
Criminal Court	7,908	15,497
Library	13,437	NONE
Total	<u>\$306,552</u>	<u>\$241,310</u>

14. LITIGATION AND CLAIMS

At December 31, 1996, the police jury is involved in one EEOC complaint alleging failure of the police jury to pay 188 hours in overtime compensation. While the amount of overtime is not material to the financial statements, the amount of penalties, if the EEOC finds in favor of the complainant could be substantial. No provision for any amount that may ultimately be levied against the police jury has been made in the financial statements.

Prior to December 31, 1996, the police jury was involved in a lawsuit related to reapportionment. Although the lawsuit never went to trial because a reapportionment plan was precleared before the trial date, the issue of payment of legal fees has not been resolved. The police jury's legal counsel is unable at this time to estimate the amount of legal fees, if any, which might be assessed against the police jury. Therefore, no provision for any liability that may result has been made in the component unit financial statements.

15. FUND DEFICIT

At December 31, 1996, the General Fund had a deficit fund balance of \$77,829. It is the intention of management to eliminate the deficit by reducing expenditures.

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

16. RESTATEMENT OF FUND BALANCES

The December 31, 1994, fund balances of the General Fund and Library Maintenance special revenue fund have been restated to reflect corrections of prior period posting errors. During prior years, federal in-lieu of taxes which were supposed to be deposited into the Library Maintenance Fund, were deposited into the General Fund in error. Additionally, the Library Maintenance Fund did not receive credit for health insurance payroll deductions from the payroll account, which caused group insurance to be overstated. The following provides detail on those corrections.

	<u>General Fund</u>	<u>Library Special Revenue Fund</u>
Fund balances at December 31, 1994, as previously reported	(\$185,784)	\$130,222
Adjustments:		
Federal in-lieu of taxes (1990 and 1994)	(14,232)	14,232
Group insurance deducts not transferred		4,796
Fund balances at December 31, 1994, restated	<u>(\$200,016)</u>	<u>\$149,250</u>

17. FOOD STAMP PROGRAM

The Food Stamp Program is operated by the police jury under an agreement with the Louisiana Department of Social Services. Under this program, the police jury is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. Activity for the two years ended December 31, 1996, follows:

Balance at January 1, 1995	\$810,310
Received:	
1995	3,136,000
1996	3,137,000
Issued:	
1995	(3,092,432)
1996	<u>(3,120,734)</u>
Balance at December 31, 1996	<u>\$870,144</u>

MADISON PARISH POLICE JURY

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

**19. MAINTENANCE OF COURTHOUSE AND
JAIL AND UPKEEP OF PRISONERS**

For the years 1990 through 1995, operations of the General Fund included ad valorem taxes, dedicated by tax proposition, to the maintenance and operation of the courthouse and jail. Such expenditures were paid by the Courthouse and Jail special revenue fund and the General Fund for 1989 and prior years. The tax revenue was insufficient to pay the costs for which the tax was dedicated and required additional revenues from the General Fund. To reduce accounting work, beginning in 1990, ad valorem taxes for the courthouse and jail were included in the General Fund as were all expenditures for which that tax was levied. On November 5, 1996, voters of the parish approved a rededication of the parishwide garbage tax. The rededication provides that up to 5 mills of the 10 mill tax may be used for operation, maintenance and improvement of the parish courthouse and jail, provided that the Garbage Fund has an annual surplus of \$150,000. The police jury reestablished the Courthouse and Jail special revenue fund and, in December of 1996, transferred \$151,046 in excess surplus revenues from the Garbage Fund to the Courthouse and Jail fund. At December 31, 1996, the Garbage Fund has a surplus of \$483,135.

20. INVESTIGATIVE AUDIT

On July 16, 1996, the Office of Legislative Auditor issued an investigative audit report. The investigative audit found that the former secretary/treasurer of the police jury paid herself \$118,672 more than her authorized salary during the period from January 1993 through April 1996. As a result of the investigation, the individual was arrested and charged with theft on February 25, 1997.

In addition to the above, the District Attorney for the Sixth Judicial District is currently conducting an investigation to determine if any excess payments, in addition to the amount noted above, also occurred.

SUPPLEMENTAL INFORMATION SCHEDULES

MADISON PARISH POLICE JURY
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Two Years Ended December 31, 1996

SPECIAL REVENUE FUNDS

PUBLIC WORKS FUND

The Public Works Fund accounts for road, bridge, and drainage maintenance and construction in the parish. Funding is provided by ad valorem taxes, state revenue sharing, Parish Transportation Act Funds, state grants, and interest earnings.

HEALTH UNIT FUND

The Health Unit Fund accounts for the operation and maintenance of the parish health unit. Financing is provided primarily by ad valorem taxes and state revenue sharing funds.

GARBAGE FUND

The Garbage Fund accounts for the collection and disposal of solid waste in the parish. Financing is provided primarily by ad valorem taxes, state revenue sharing funds, and tipping fees.

CRIMINAL COURT FUND

The Criminal Court Fund was created by Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal cases be transferred to the parish treasurer and deposited in a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judge.

LIBRARY FUND

The Library Fund accounts for the operation of the parish library. Revenue is provided by ad valorem taxes, state revenue sharing, and other state grants.

COURTHOUSE AND JAIL MAINTENANCE FUND

The Courthouse and Jail Maintenance Fund accounts for operation of the courthouse and jail and the feeding and maintenance of parish prisoners. Funding is provided from a dedicated ad valorem tax and by surplus transfers from the Garbage Fund.

Schedule 1

MADISON PARISH POLICE JURY
Tallulah, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 1996

	<u>PUBLIC WORKS</u>	<u>HEALTH UNIT</u>	<u>GARBAGE</u>	<u>CRIMINAL COURT</u>	<u>LIBRARY</u>	<u>COURTHOUSE AND JAIL MAINTENANCE</u>	<u>E911</u>	<u>TOTAL</u>
ASSETS								
Cash and cash equivalents	\$15,451	\$17,947	\$6,399	\$19,602	\$50,280		\$64,130	\$173,809
Investments			98,305					98,305
Receivables	626,880	\$43,080	301,450	8,388	124,194	87,916	3,411	1,195,319
Due from other funds	30,079	851	199,344	7,908	13,437			251,619
TOTAL ASSETS	<u>\$672,410</u>	<u>\$61,878</u>	<u>\$605,498</u>	<u>\$35,898</u>	<u>\$187,911</u>	<u>87,916</u>	<u>67,541</u>	<u>\$1,719,052</u>
LIABILITIES AND FUND EQUITY								
Liabilities:								
Cash overdraft						\$284		\$284
Accounts payable	\$51,763	28,568	\$112,686	\$16,351	\$10,419		\$3,411	223,198
Deposits	10,000							10,000
Due to other funds	31,902		3,764	15,497				51,163
Deferred revenues	48,457	3,330	\$5,913		5,913			63,613
Total Liabilities	142,122	31,898	122,363	31,848	16,332	284	3,411	348,258
Fund Equity - fund balances - unreserved - undesignated	530,288	29,980	483,135	4,050	171,579	87,632	64,130	1,370,794
TOTAL LIABILITIES AND FUND EQUITY	<u>\$672,410</u>	<u>\$61,878</u>	<u>\$605,498</u>	<u>\$35,898</u>	<u>\$187,911</u>	<u>87,916</u>	<u>67,541</u>	<u>\$1,719,052</u>

MADISON PARISH POLICE JURY
 Tallulah, Louisiana
 SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 1996

	PUBLIC WORKS	HEALTH UNIT	GARBAGE	CRIMINAL COURT	LIBRARY	COURTHOUSE JAIL MAINTENANCE	E911	TOTAL
REVENUES								
Taxes - ad valorem	\$608,571	\$41,816	\$321,276		\$126,714	87,916		\$1,186,293
Intergovernmental revenues:								
Federal grants			6,085					6,085
State funds:								
Parish transportation funds	200,119							200,119
State revenue sharing (net)	71,608	4,915	8,733	8,733				93,989
Other	12,651							12,651
Fees, charges, and commissions for services			185,986	\$8,392	2,753		\$44,156	241,287
Fines and forfeitures				197,304	914			198,218
Use of money and property	4,479	782	19,906	259	2,132			27,558
Other revenues	2,769	35			1,111			3,915
Total revenues	<u>900,197</u>	<u>47,548</u>	<u>535,901</u>	<u>205,955</u>	<u>148,442</u>	<u>87,916</u>	<u>44,156</u>	<u>1,970,115</u>
EXPENDITURES								
Current:								
General government:				208,411				208,411
Judicial								
Other general government						83,958		83,958
Public Safety							3,410	3,410
Public works	796,565		523,948					1,320,513
Health and welfare		55,212						55,212
Culture and recreation					129,781			129,781
Debt service	49,972							49,972
Total expenditures	<u>846,537</u>	<u>55,212</u>	<u>523,948</u>	<u>208,411</u>	<u>129,781</u>	<u>83,958</u>	<u>3,410</u>	<u>1,851,257</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	53,660	(7,664)	11,953	(2,456)	18,661	3,958	40,746	118,858

OTHER FINANCING SOURCE (Use)

Increase in capital leases	87,490						87,490
Operating transfers in			151,046				151,046
Operating transfers out		(151,046)	(67,372)				(218,418)
Total other financing sources (uses)	<u>87,490</u>	<u>(151,046)</u>	<u>83,674</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>20,118</u>

**EXCESS (Deficiency) OF REVENUES
AND OTHER SOURCES OVER
EXPENDITURES AND OTHER USES**

	141,150	(7,664)	(139,093)	(2,456)	18,661	\$87,632	40,746	138,976
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**FUND BALANCES AT
BEGINNING OF YEAR**

	<u>389,138</u>	<u>37,644</u>	<u>622,228</u>	<u>6,506</u>	<u>152,918</u>	<u>NONE</u>	<u>23,384</u>	<u>1,231,818</u>
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**FUND BALANCES AT
END OF YEAR**

	<u>\$530,288</u>	<u>\$29,980</u>	<u>\$483,135</u>	<u>\$4,050</u>	<u>\$171,579</u>	<u>87,632</u>	<u>\$64,130</u>	<u>\$1,370,794</u>
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MADISON PARISH POLICE JURY
Tallulah, Louisiana
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1995

	PUBLIC WORKS	HEALTH UNIT	GARBAGE	CRIMINAL COURT	LIBRARY	E911	TOTAL
REVENUES							
Taxes - ad valorem	\$510,366	\$35,013	\$269,330		\$106,084		\$920,793
Intergovernmental revenues:							
Federal grants		2,952			8,945		11,897
State funds:							
Parish transportation funds	173,066						173,066
State revenue sharing (net)	94,442	6,479	5,763		11,513		118,197
Other	58						58
Fees, charges, and commissions for services			183,604	\$9,298	2,556	\$26,854	222,312
Fines and forfeitures				180,001	902		180,903
Use of money and property	5,406	452	17,262	14,340	517		37,977
Other revenues	<u>3,000</u>				<u>2,593</u>		<u>5,593</u>
Total revenues	<u>786,338</u>	<u>44,896</u>	<u>475,959</u>	<u>203,639</u>	<u>133,110</u>	<u>26,854</u>	<u>1,670,796</u>
EXPENDITURES							
Current:							
General government - judicial				206,418			206,418
Public safety						3,470	3,470
Public works	790,422		483,541				1,273,963
Health and welfare		29,556					29,556
Culture and recreation					129,442		129,442
Debt service	<u>55,570</u>			<u>1,791</u>			<u>57,361</u>
Total expenditures	<u>845,992</u>	<u>29,556</u>	<u>483,541</u>	<u>208,209</u>	<u>129,442</u>	<u>3,470</u>	<u>1,700,210</u>

EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(59,654)	15,340	(7,582)	(4,570)	3,668	23,384	(29,414)
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>448,792</u>	<u>22,304</u>	<u>629,810</u>	<u>11,076</u>	<u>149,250</u>	<u>NONE</u>	<u>1,261,232</u>
FUND BALANCES AT END OF YEAR	<u>\$389,138</u>	<u>\$37,644</u>	<u>\$622,228</u>	<u>\$6,506</u>	<u>\$152,918</u>	<u>\$23,384</u>	<u>\$1,231,818</u>

MADISON PARISH POLICE JURY
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Two Years Ended December 31, 1996

COMPENSATION PAID POLICE JURORS

The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the police jury has elected the monthly payment method of compensation. Under this method, the jurors receive \$600 per month while the president receives an additional \$100 per month for performing the additional duties of his office.

MADISON PARISH POLICE JURY
Tallulah, LouisianaSchedule of Compensation Paid Police Jurors
For the Two Years Ended December 31, 1996

	<u>1996</u>	<u>1995</u>
Danny Guice	\$9,600	\$9,600
Irving Hopkins		9,600
Fred Morgan	8,800	9,600
Moses Williams	10,800	9,600
Sidney Williams	9,600	
Thomas J. Williams, President	<u>9,600</u>	<u>10,800</u>
Total	<u>\$48,400</u>	<u>\$49,200</u>

**Independent Auditor's Reports on Federal
Financial Assistance; Compliance With Laws,
Regulations, Contracts, and Grants;
and Internal Control Structure**

The following independent auditor's reports on the schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants; and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; the *Single Audit Act of 1984*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

MADISON PARISH POLICE JURY
Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997. These primary government financial statements are the responsibility of the police jury's management. My responsibility is to express an opinion on these primary government financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the primary government 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the primary government financial statements of the Madison Parish Police Jury taken as a whole. The accompanying *Schedule of Federal Financial Assistance* is presented for purposes of additional analysis and is not a required part of the primary government financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

West Monroe, Louisiana
July 31, 1997

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MADISON PARISH POLICE JURY
Tallulah, Louisiana

Schedule of Federal Financial Assistance
For the Two Years Ended December 31, 1996

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	(DEFERRED) ACCRUED REVENUE AT DECEMBER 31, 1994	.....1995..... REVENUE RECOGNIZED	ISSUES/ EXPENDITURES	.....1996..... REVENUE RECOGNIZED	ISSUES/ EXPENDITURES	(DEFERRED) ACCRUED REVENUE AT DECEMBER 31, 1996
United States Department of Agriculture								
Passed through Louisiana Department of Social Services: Food Stamps	10.551 *	22-065-01	(\$810,310)	\$3,136,000	\$3,092,432	\$3,137,000	\$3,120,734	(\$870,144)#
State Administrative Matching Grants for Food Stamp Program	10.561	22-065-01	1,782	24,129	24,129	25,344	25,344	4,102
Total United States Department of Agriculture			(808,528)	3,160,129	3,116,561	3,162,344	3,146,078	(866,042)
United States Department of Housing and Urban Development								
Passed through Division of Admini- stration - Community Development Block Grant (States Program)	14.228 *	101-3050	(1,364)	42,989	42,989	460,674	460,674	4,859
United States Department of the Treasury								
Passed through Louisiana Department of Transportation and Development - Public Transportation for Nonurbanized Areas	20.509	741-33-0101 741-33-0102 741-99-0026	16,268	17,656 24,263	17,656 24,263	34,816 13,974	34,816 13,974	13,974
			16,268	41,919	41,919	48,790	48,790	13,974
United States Department of the Interior								
Direct program - Payment in Lieu of Taxes	NONE	N/A	NONE	93,313	93,313	63,476	63,476	NONE
Total Federal Financial Assistance			(\$793,624)	\$3,338,350	\$3,294,782	\$3,735,284	\$3,719,018	(\$847,209)

* Major federal financial assistance program
Food stamp coupons on hand



Independent Auditor's Report on Compliance With Laws, Regulations, Contracts, and Grants

MADISON PARISH POLICE JURY Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Madison Parish Police Jury, is the responsibility of the Madison Parish Police Jury's management. As part of obtaining reasonable assurance about whether the primary government financial statements are free of material misstatement, I performed tests of the Madison Parish Police Jury's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the primary government financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, or contracts that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the primary government financial statements. The results of my tests of compliance disclosed the following instances of noncompliance.

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MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

**Need to Adopt and Amend Budgets
As Required by Law**

Finding: The police jury did not adopt and amend budgets as required. Louisiana Revised Statutes 39:1301-1310 provides, in part, that the police jury shall adopt annual budgets for its general and special revenue funds and amend those budgets when actual expenditures and other uses to date plus projected expenditures and other uses to year-end exceed budgeted amounts by 5% or more. My procedures with regard to budgetary activity disclosed that the police jury did not adopt a 1996 budget for its Courthouse and Jail and E911 Communications District special revenue funds. Additionally, expenditures and other uses of the 1996 Garbage Maintenance Fund exceeded budgeted amounts by \$205,583, or 44%. The Courthouse and Jail Fund was reestablished in December of 1996. During December of 1996, certificates of deposit of the Garbage Fund were cashed in and the proceeds transferred, by journal entry, to the Courthouse and Jail Fund, in accordance with the rededication of taxes approved by parish voters. Those transfers caused the unfavorable variance in the Garbage Fund. Because of the restrictions placed on the fund by the tax rededication, it is imperative that the police jury closely monitor the Garbage Fund and strictly adhere to its adopted/amended budget.

Recommendation: The police jury should ensure that budgets are adopted for all special revenue funds, as required by law, and either adhere to adopted budgets or amend them as appropriate.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "In accordance with LRS 39:1301-1310, the Madison Parish Police Jury will comply with the adoption and amendment of annual budgets for its existing general and special revenue funds and any newly established funds."

**Need to Maintain Adequate Records
For General Fixed Assets**

Finding: The police jury has not maintained adequate records of its general fixed assets as required by state law. Louisiana Revised Statute 24:515 provides that the police jury maintain a complete listing of all its fixed assets, including description, serial number, date of acquisition, cost and date and method of disposal. My review of the police jury's records disclosed the following:

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

1. The police jury provided a list of fixed assets for the Bear Lake Fire District which listed fixed assets with a total cost of \$8,509. Total capital outlay for the Community Development Block Grant program which purchased and constructed the district's assets during the two years ended December 31, 1996, was \$488,997, *indicating a listing understatement of \$480,488. They were, by audit adjustment, included in the general fixed assets account group in the financial statements and related note disclosure.* In addition to state law, federal program guidelines require that all fixed assets purchased with federal funds be included in the police jury's general fixed asset listing and be identified as purchased with federal funds.
2. The police jury traded in a Xerox copy machine for a new one, however, the old machine was not deleted nor was the new machine added to the listing.
3. The December 31, 1996 list of fixed assets provided to me was, for the most part, lists typed by the different departments, and was not reconciled to the police jury's carryforward listing.
4. Many items included on the listing provided to me did not have historical cost amounts assigned to them.
5. Capital outlay accounts in the various funds' general ledgers were not reconciled to the fixed asset listing. Consequently, capital outlay amounts presented in the financial statements do not agree with fixed asset additions as shown in the notes to the financial statements. Also, the police jury has no assurance that all fixed assets purchased during the period have been included in the listing.
6. In reviewing the lists provided by the police jury, I noted many items which included notations indicating acquisition in prior years, however, they were not included on the carryforward list. This indicates that the carryforward list does not include all fixed assets.
7. Many items on the December 31, 1996 lists provided to me had notations that they had been junked, however, from discussions with police jury personnel, I determined that the assets are still present.
8. The schedule of changes in book inventory provided by the parish librarian showed a January 1, 1996, beginning book inventory of 37,672 which did not agree with the December 31, 1995 ending inventory of 37,118.

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

Because of the above deficiencies, the police jury has not complied with state law, has no assurance that its fixed assets are properly accounted for and safeguarded and, has not complied with generally accepted accounting principles relating to the financial reporting of general fixed assets.

Recommendation: To correct the above problems and avoid such reoccurrence in the future, I strongly recommend the following.

1. Adopt a formal capitalization policy. The policy should address;
 - a. A dollar threshold for capitalization (ie., "all purchases of equipment over \$xxx must be capitalized and added to the police jury's listing of fixed assets")
 - b. Which police jury staff position will be responsible for maintaining fixed asset records (Property Control Manager).
 - c. The specific duties and responsibilities of the property control manager.
 - * Maintain an on-going list of additions and deletions to fixed assets.
 - * Add fixed asset additions to the fixed asset listing on a routine (monthly) basis, ensuring that all pertinent information is included
 - * Routinely (monthly) reconcile "capital outlay" accounts in the general ledger with "year to date" additions to fixed assets
 - * Obtain written notice from department heads when fixed assets are to be deleted from the listing. The notice must include sufficient information to enable the property control manager to identify the asset on the listing. Further, the notice must explain why the asset is to be deleted
 - * Annually, prepare schedules of additions and deletions to fixed assets, including supporting documentation (ie., invoice copies for additions, written notices for deletions). Verify that the schedule of additions agrees with capital outlay accounts in the general ledger
 - * Annually, prepare a schedule of changes in fixed assets. Verify that the ending balance on the schedule agrees with the total of fixed assets on the carryforward listing
2. Require that a complete physical inventory be immediately taken. The inventory should utilize the current listing of fixed assets and adjust it for changes, corrections, etc.

MADISON POLICE JURY
Tallulah, Louisiana
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on Compliance, etc.,
December 31, 1996

3. Provide that, during the above inventory, all required information be included on the fixed asset listing.
4. Require that department heads notify the property control manager, in writing, when fixed assets are to be deleted from the listing.
5. Require that all department heads cooperate with the property control manager in providing the documentation and assistance discussed above.
6. With regard to the library, the board of control should determine the cause of the difference between the December 31, 1995 book inventory and the January 1, 1996 book inventory as shown on the current librarian's schedule of 1996 changes.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "The above findings will be presented to the Madison Parish Police Jury at its next regular meeting for disclosure and action. The Madison Parish Library Board will be notified of the findings and recommendations applicable to their area."

**Need to Repay Group Insurance
Deductions to Respective Funds**

Finding: Certain funds have been charged with excessive group insurance charges. The police jury's payroll account deducts from each employee's gross pay that employee's share of group insurance. Those deductions, plus a like amount from each fund for the employer's share, should be remitted to the police jury's group insurance carrier monthly. It has been the practice of the police jury to pay both the employee and employer shares from the respective funds during the year then, at year end, transfer the employee's share from the payroll account and apply it against group insurance expenditures in the various funds, thereby reducing the fund's group insurance expenditures to only the employer's share.

During 1994, 1995 and 1996, the employee's share was not remitted to the funds and applied against expenditures. During the course of my audit I determined the amount due to each fund for 1995 and 1996, made the appropriate adjustments to that fund's expenditures and adjusted interfund balances accordingly. The amounts due from the Payroll Account to the various funds for 1995 and 1996 are \$33,706 and \$31,249, respectively. I did not determine the amounts due for 1994.

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance, etc.,
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Recommendation: As discussed in my internal control finding on interfunds, the police jury should remit the amounts due from the payroll account to the various funds. The police jury should also determine and remit those amounts due for 1994. Further, the police jury should refrain from paying the employee's share of group insurance from the individual funds and pay it from the payroll account where it is actually held.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "The current status of the payroll account will be presented to the Madison Parish Police Jury, along with the above mentioned findings, to determine appropriate action. Office procedures have been revised to pay group insurance from the individual funds."

**Specified Procedures Examination By the
Office of Legislative Auditor**

In addition to the above findings resulting from my audit of the police jury's primary government financial statements for the two years ended December 31, 1996, the Office of the Legislative Auditor conducted investigative audits dated July 16, 1996 and March 27, 1997. The following presents findings noted by the Legislative Auditor's Office, their recommendations for corrective action, responses from the police jury, and my follow-up comments regarding what action has been taken with regard to those findings.

**Secretary-Treasurer Paid
Herself Excessive Salary**

Finding: Ms. Jewel Claxton, secretary-treasurer, paid herself \$118,672 more than her authorized salary during the period January 1993 through April 1996.

Legislative Auditor's Recommendation: We recommend that the police jury implement procedures to require that its finance committee review all disbursements and associated support before the issuance of checks. In addition, we recommend that the police jury implement adequate segregation of duties between the check writing function and the reconciliation of its bank accounts. Also, the police jury should discontinue the practice of using signature stamps for signing checks. We also recommend that the police jury review bank activity beginning with 1993 through the present for all its accounts to determine whether additional unauthorized payments were made. In addition, we recommend that the police jury adopt and distribute to all employees a written policy regarding the handling of employee fraud.

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

Finally, we recommend that the District Attorney for the Sixth Judicial District of Louisiana and the U. S. Attorney for the Western District of Louisiana review this matter and take appropriate legal action, to include seeking restitution.

Management's Response: On July 10, 1996, we presented our preliminary finding to Mr. Moses Williams, president, and Mr. Michael Lancaster, legal counsel for the police jury. Mr. Williams indicated that upon the issuance of our report, the police jury, as a whole, would consider its contents and, with the assistance of legal counsel, take appropriate action.

Follow-up Comments: On April 8, 1997, the police jury adopted a formal policy addressing "Internal Controls for Procurement and Payables". A review of the policy disclosed that it addresses segregation of duties, requisitioning, receiving, invoice processing, disbursements and bank reconciliations. The policy also includes a description of *job responsibilities for the secretary/treasurer, assistant secretary/treasurer and clerk.* With regard to the policy, I recommend the following to the police jury.

The policy basically addresses what a procurement and payables internal control system should address, rather than exactly how the system for the police jury is to operate. The police jury should include a section in its policy that specifies exactly the procedures to be performed in the purchase of goods and services. The procedures should be in order of occurrence and specify which individual or position is to perform them. The procedures should address all actions, from the initial desire to purchase through the final payment of the invoice. The procedures should be such that it will be possible for anyone to easily determine who does what and when they do it. It should be noted that, in accordance with the Legislative Auditor's recommendations, the procedures should also specifically include procedures for a review of invoices by the finance committee prior to payment.

The District Attorney for the Sixth Judicial District is currently conducting an investigation to determine if any other unauthorized payments were made to the individual. The police jury has not adopted a policy regarding the handling of employee fraud.

MADISON POLICE JURY
Tallulah, Louisiana
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on Compliance, etc.,
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**Police Juror Received Travel Advance
For Trip He Did Not Take**

Finding: Mr. Danny Guice received a \$500 travel advance for a conference that he did not attend. In addition, Mr. Guice received \$1,200 for a conference he may not have attended.

Legislative Auditor's Recommendation: The District Attorney for the Sixth Judicial District of Louisiana should review this information and take appropriate legal action, to include seeking restitution.

Management's Response: Mr. Danny Guice repaid the police jury on February 28, 1997, for the \$500 travel advance he received in February 1996, for a conference he did not attend. He has also shown evidence that he did attend the NACO Conference in Atlanta in July 1995.

The police jury will review its travel expense policy and provide for closer monitoring of travel expenses.

Follow-up Comments: I verified that Mr. Guice refunded the \$500 travel advance. I also reviewed the documentation supporting his attendance at the NACO conference in Atlanta in July 1995.

**Police Jurors Fail to Repay Unspent
Travel Advances**

Finding: Police Jurors Danny Guice, Moses Williams, and Thomas J. Williams received travel advances to attend state and national conferences. Upon returning from these conferences, the jurors failed to submit receipts supporting their expenses and reimburse the police jury for unexpended funds. Police juror Fred Morgan also received travel advances. Although Mr. Morgan submitted receipts supporting his expenses, he failed to reimburse the police jury in a timely manner.

Legislative Auditor's Recommendation: The Madison Parish Police Jury should implement written travel policies providing for the proper use of parish funds. These policies should provide specific amounts and purposes for which funds may be used and/or reimbursed. Procedures for travel advances should be implemented requiring that all

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advances be reconciled in a timely manner after the travel and any balance repaid to the police jury. In addition, the District Attorney for the Sixth Judicial District of Louisiana should review this information and take appropriate legal action, to include seeking restitution.

Management's Response: Mr. Danny Guice has agreed to repay the funds for which he is responsible. Mr. Thomas J. Williams has reimbursed the Madison Parish Police Jury in full. Mr. Moses Williams maintains that he does not owe the police jury any money. Mr. Fred Morgan has reimbursed the Madison Parish Police Jury in full. The police jury will review its travel expense policy and provide for closer monitoring of travel expenses.

Mr. Fred Morgan submitted his response which is attached as Attachment I (of the Legislative Auditor's Report).

Follow-up Comments: I verified that Mr. Thomas J. Williams reimbursed the police jury a total of \$794.07 on January 10, 1997. I verified that Mr. Fred Morgan reimbursed the police jury a total of \$999.66 on March 19, 1996. I verified that Mr. Danny Guice reimbursed the police jury a total of \$482.74 on July 28, 1997. As of May 31, 1997, Mr. Mose Williams had not reimbursed the police jury for any of his travel advances.

On March 11, 1997, the police jury adopted a formal travel policy which adequately addresses the Legislative Auditor's recommendations.

**Police Jury Employees Paid
For Unearned Leave**

Finding: The Madison Parish Police Jury allowed Ms. Eva Book and Ms. Margaret Smith, police jury employees, to take paid leave that they had not earned in possible violation of Article 7, Section 14 of the Louisiana Constitution.

Legislative Auditor's Recommendation: The Madison Parish Police Jury should comply with the Louisiana Constitution and the police jury leave policies.

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Management's Response: Ms. Eva Book has provided documentation which, on its face, suggests that she has four days accumulated sick leave, five days of annual leave carried over to 1997, and 21 days of annual leave applied toward retirement, rather than a deficit balance of 7 days annual leave as reported in your preliminary audit.

The paid leave granted Ms. Margaret was an honest mistake. She has repaid the money to the police jury.

The police jury is aware that paying police jury employees for leave which they have not earned is a violation of Article 7, Section 14 of the Louisiana Constitution. Since the situation with Ms. Eva Book is unresolved and the unearned leave pay was deducted from Ms. Margaret Smith's next paycheck, it is possible that no violation occurred.

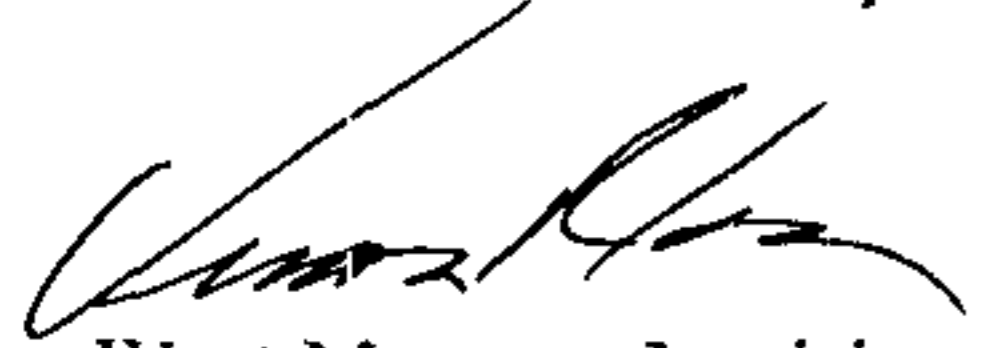
Follow-up Comments: I verified that the leave payment of \$451.29 to Ms. Smith was deducted from her December 19, 1996 payroll check.

I considered these instances of noncompliance in forming my opinion on whether the police jury's primary government financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated July 31, 1997, on those primary government financial statements.

I noted certain immaterial instances of noncompliance that I have reported to the management of the police jury in a separate letter dated July 31, 1997.

The audit report for the two years ended December 31, 1994, included a finding related to the Louisiana Local Government Budget Act. That finding has been previously addressed in this report.

This report is intended for the information of the members of the Madison Parish Police Jury, management of the police jury, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.


West Monroe, Louisiana
July 31, 1997



**Independent Auditor's Report on Compliance With
Specific Requirements Applicable to Major
Federal Financial Assistance Programs**

MADISON PARISH POLICE JURY
Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997.

I have also audited the Madison Parish Police Jury's compliance with the requirements governing reporting, environmental review, record keeping, and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of the Madison Parish Police Jury is responsible for the Madison Parish Police Jury's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Madison Parish Police Jury's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

As described in the accompanying Schedule of Findings and Questioned Costs, the results of my audit procedures for the Louisiana Community Development Block Grant (LCDBG) Program disclosed that the Madison Parish Police Jury did not comply with requirements governing recordkeeping. Further, my audit procedures for the Food Stamp Program disclosed that the Madison Parish Police Jury has not maintained adequate security over food stamp coupons. In my opinion, the maintenance of the LCDBG records and security over food stamp coupons is necessary for the Madison Parish Police Jury to comply with the requirements applicable to the LCDBG and Food Stamp programs, respectively.

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MADISON PARISH POLICE JURY
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Independent Auditor's Report on Compliance
With Specific Requirements Applicable
To Major Programs,
December 31, 1996

In my opinion, except for the effect, which is not presently determinable as described in the following paragraph, of those instances of noncompliance applicable to the LCDBG and Food Stamps programs referred to in the fourth paragraph of this report and identified in the accompanying Schedule of Findings and Questioned Costs, the Madison Parish Police Jury complied, in all material respects, with the specific requirements referred to in the second paragraph for the two years ended December 31, 1996.

Resolving the instances of noncompliance identified in the fourth paragraph of this report is the responsibility of the Madison Parish Police Jury and federal officials. The determination of whether the identified instances of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, no adjustments for any disallowances that may result have been made to the federal program amounts listed in the accompanying Schedule of Federal Financial Assistance, and no provision for any liability that may result has been recognized in the Madison Parish Police Jury's 1995-1996 financial statements.

This report is intended for the information of the Madison Parish Police Jury, management of the police jury, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
July 31, 1997

**Madison Parish Police Jury
Tallulah, Louisiana
Schedule of Findings and Questioned Costs
For the Two Years Ended December 31, 1996**

<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
LCDBG 101-3050	<p>The guidelines for Louisiana Community Development Block Grant (LCDBG) Program requires the maintenance of various accounting records. The guidelines further require that the records be retained for a period of three years following closure of the grant. An on-site monitoring visit by staff of the Division of Administration disclosed numerous deficiencies in the program. The monitoring report, which is on file in the police jury office, noted the following deficiencies with regard to recordkeeping; (a) many documents were not available or were nonexistent (b) many papers and documents which were unrelated to the LCDBG program were included in the program files © available records were not organized and (d) the program administrator had difficulty finding documents when requested.</p> <p>The parish was required to refund \$5,153 in disallowed costs to the state because of deficiencies in its recordkeeping.</p>	NONE
Food Stamps 22-065-01	<p>The police jury has not provided adequate security over food stamp coupons as required. The United States Code of Federal Regulations Title 7, Part 274, Section 7 states that the police jury must safeguard coupons from theft, embezzlement, loss, damage, or destruction. During an on-site visit at the food stamp distribution office I found that armed guard was not present or available nor was there an alarm system in place.</p>	NONE

**Independent Auditor's Report on Compliance
With General Requirements Applicable to
Federal Financial Assistance Programs**

MADISON PARISH POLICE JURY
Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997.

I have applied procedures to test the Madison Parish Police Jury's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Real property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Madison Parish Police Jury's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Madison Parish Police Jury, had not complied, in all material respects, with those requirements.

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Compliance With General Requirements
Applicable to Federal Programs,
December 31, 1996

This report is intended for the information of the Madison Parish Police Jury, management of the police jury, and interested state and federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be "Vernon D. ...", written over the typed name.

West Monroe, Louisiana
July 31, 1997



**Independent Auditor's Report on Compliance With
Specific Requirements Applicable to Nonmajor
Federal Financial Assistance Program Transactions**

MADISON PARISH POLICE JURY
Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996 and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997.

In connection with my audit of the primary government financial statements of the Madison Parish Police Jury and with my consideration of the Madison Parish Police Jury's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, I selected certain transactions applicable to the police jury's nonmajor federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing claims for advances and reimbursement and amounts claimed or used for matching that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Madison Parish Police Jury's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Madison Parish Police Jury had not complied, in all material respects, with those requirements.

This report is intended for the information of the Madison Parish Police Jury, management of the police jury, and interested state and federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

West Monroe, Louisiana
July 31, 1997

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**Independent Auditor's Report
on the Internal Control Structure**

MADISON PARISH POLICE JURY
Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997.

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

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

In planning and performing my audit of the primary government financial statements of the Madison Parish Police Jury for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in

MADISON POLICE JURY

Tallulah, Louisiana

Independent Auditor's Report on

Internal Control Structure,

December 31, 1996

order to determine my auditing procedures for the purpose of expressing my opinion on the primary government financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

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

Need to Improve Control Over Disbursements

Finding: The police jury needs to improve control over disbursements. My test of disbursements disclosed that 4% of applicable disbursements were not supported by an original invoice, 15% were not paid on a current basis, and that for 29 of 56 applicable disbursements either no purchase order was present or the purchase order was dated after the invoice date. Failure to pay from original invoices allows for the possibility of duplicate payments. Payment of invoices after the due date creates late payment penalties and reflects badly on the police jury. Further, failure to properly utilize its purchase order system precludes the police jurors from controlling expenditures of the parish. They are, instead, delegating that responsibility to the individuals who purchase goods and services without authority to do so.

Recommendation: The police jury should insist that disbursements be made from an original invoice or other original documentation. The police jury should make every effort to liquidate its bills on a current basis. Finally, the police jury should demand that purchase orders be properly utilized for applicable purchases.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "Because of the financial condition of the police jury's General Fund payments were delayed during 1995 and 1996. The police jury has improved the financial condition of the fund and invoices are now being paid on a current basis. The other findings and recommendations will be presented to the police jury at its next regular meeting for disclosure and action."

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

**Need to Reconcile and Clear
Interfund Balances**

Finding: Amounts due from and to other funds (interfund balances) do not balance and have not been reconciled in several years. Amounts due from and to other funds should be reconciled monthly and should be cleared routinely. As I have discussed with the police jury during past audits, interfund transaction balances are extensive, do not agree and have not been reconciled or cleared. Interfund transactions are caused by activity between funds and activity of the master clearing and payroll clearing accounts. The master clearing account pays most bills of the various police jury funds and, in turn, is supposed to be reimbursed by those funds. The payroll clearing account pays all payroll costs of the various and is also supposed to be reimbursed by those funds. Those two accounts should be reimbursed immediately because neither account has monies of its own and must be reimbursed so that deposits can be made to cover the checks that have been written. Both accounts work the same way. For example, if the master clearing account pays \$1,000 in expenses for the general fund its cash is reduced by that amount and a receivable is set up (ie., "Due from General Fund - \$1,000). At the same time, the expenses are posted in the General Fund and a payable is set up (ie., "Due to Master Clearing Account - \$1,000). Normally that amount is transferred to and deposited into the cash account of the master clearing account before the checks are released to ensure that sufficient funds are in the bank account to cover the checks that have been written. During past years, because of posting errors and transfers of incorrect amounts from the various funds, the balances due from and to other funds at year-end have not agreed.

During past audits, I have been able to determine the posting errors and incorrect transfer amounts and make audit adjustments to place the funds and accounts in balance. However, because my adjustments were not recorded in the funds and accounts and because transfers were not made to correct the problems, they have been compounded and become worse with each year. At December 31, 1996, the funds' general ledger accounts showed a total of \$546,609 as due from other funds/accounts and a total of \$466,431 as due to other funds/accounts or a difference of \$80,178. During the course of my current audit, I made \$183,142 in adjustments to the interfund accounts to bring forward prior years uncorrected errors and correct current errors that were detected by me during the audit. However, I did not attempt to find all posting errors. My audit work on interfunds required in excess of 40 hours, therefore, once I concluded that remaining differences were the result of posting errors I determined that it would not be cost effective to the jury for me to find all errors. As shown on Statement A of the financial statements and the related note disclosure, the interfund balances are still out-of-balance by \$65,242. Because of the

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

deficiencies noted above in accounting for interfund transactions, the police jury does not know its financial condition, does not know the exact amount due from one fund to another, cannot produce financial statements in accordance with generally accepted accounting principles and is incurring unnecessary risk of theft or misappropriation of funds. It should also be noted that the problems discussed above along with problems discussed in other findings preclude completing the audit within a reasonable period of time and, consequently, my final audit report is not being released within six months of the police jury's year end, as required by state law.

Recommendation: I have provided the current secretary/treasurer with my audit adjustments for posting to the police jury's accounting records. The police jury should ensure that all posting errors in the interfund accounts are located and correcting entries made to bring the interfund accounts into balance.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "The above findings and recommendations will be presented to the Madison Parish Police Jury at its next regular meeting for disclosure and action."

**Need to Maintain Complete
Files on Leases**

Finding: The police jury's lease files are not complete. Proper internal control over leases requires that original copies of all leases be maintained and that those leases be reviewed periodically and compared to accounting records to ensure that correct amounts are being paid, that items under capital lease have been added to fixed asset records and that payments are not being made on completed or terminated leases. During the audit, I determined that the police jury does not have originals or copies of all leases. Consequently, I was not able to determine that the correct amount was being paid on all leases. It was also noted that the police jury has been making lease payments on a copy machine that was traded in on a new machine. Because of the lack of complete records, the police jury cannot be assured that it is paying the correct amount on leases, that it is not making payments on leases which have been paid out or that it is not making payments on leases which should have been terminated.

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

Recommendation: The police jury should ensure that accounting records include all leases for which the jury is responsible. A master schedule should be maintained for leases. The schedule should include pertinent information for all leases, such as type of lease, description of asset, start date, payment amounts, completion date, etc. The master schedule should be compared to the accounting records on a routine basis to determine that correct amounts are being paid and that payments are being made only on active leases. Also, the accounting records should utilize separate accounts for payments on operating and capital leases. Operating leases are only operating costs while capital leases are debt service.

Managements Response: The secretary/treasurer, on direction of the president, stated that, "The above findings and recommendations will be presented to the Madison Parish Police Jury at its next regular meeting for disclosure and action."

**Need to Reconcile Payroll
Deduction Accounts**

Finding: The police jury's payroll deduct accounts have not been reconciled in several years. Proper internal control requires that deduct accounts be reconciled on a routine basis to ensure that correct amounts are being deducted and remitted and that the accounts do not contain posting errors. Normally, all payroll deduct accounts should zero out either monthly or quarterly however, this has not been the case with the police jury's accounts. During the course of my audit I noted that deduct accounts are not reconciled and that they have not zeroed out for several years. Because the accounts have not been reconciled, the police jury has no assurance that correct amounts are being deducted and remitted or that amounts are not being posted to incorrect accounts. Further, the police jury is allowing for the possible concealment of misappropriation of funds.

Recommendation: The police jury should ensure that all payroll deduct accounts are reconciled monthly and that those accounts zero out either monthly or quarterly, as the case may be.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "The reconciliation of the payroll accounts will be incorporated into the month-end procedures."

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

**Individuals Should Not
Sign Blank Checks In Advance**

Finding: Blank checks have been signed in advance of their actual use. Proper internal control over disbursements requires, among other things, that checks require two signatures, neither of which is that of the individual preparing the check. The purpose of such a control is require that collusion (involvement of two or more persons) be present in order for theft by check to occur. During my audit I noted that although police jury checks require two signatures, neither of which is the secretary/treasurer, one individual was signing blank checks in advance of their use. Such action substantially increases the possibility of collusion as one less individual is required. It was noted in the Legislative Auditor's investigative audit report that a signature stamp was available for the other individual's signature. Consequently, collusion was not required to accomplish a theft of funds.

Recommendation: The police jury should refrain from the use of signature stamps. Further, individuals should never sign blank checks.

Management's Response: The secretary/treasurer, on direction of the president, stated that, "The Madison Parish Police Jury no longer uses signature stamps for check signing. Check signers will once again be advised not to sign checks in advance."

**Need to Improve Organization
of Accounting Records**

Finding: Improvement is needed in the organization of accounting records and files. Accounting records and files should be organized in a manner that facilitates financial analysis, retrieval of information and financial reporting. During the performance of my audit, much time was lost due to difficulties encountered in obtaining necessary information. While part of the difficulty was due to the fact that the police jury's records have been subjected to investigative examination, the majority of the problem was caused by the basic organization of records and files. Poorly organized files and records not only increase audit time and costs but also inhibit the staff's ability to answer questions from both jurors and the public.

MADISON POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

Recommendation: To improve the organization of its files and records, I suggest the following, which is not all inclusive;

- a. File all cancelled checks separately and in numerical order, by bank account
- b. File all paid invoices, etc. separately and in check number order, by bank account
- c. Attach monthly bank statements to the related bank reconciliation
- d. Along with the computer printouts automatically produced by the accounting programs, also print monthly trial balances, month-to-date general ledger histories and statements of revenues and expenditures. At year end print two sets of year-to-date trial balances, general ledger histories and revenue and expenditure statements, one set for the police jury's files and one set for the auditor. Discard the monthly printouts.
- e. Retain all receipt data. File the data by year, by type (ie, taxes, revenue sharing, etc.), in chronological order
- f. Maintain a separate file/folder for grant funds (ex. Rural Development). The file or folder should contain all information related to the grant and should be self sufficient
- g. In addition to the above, I strongly recommend that the police jury review its old accounting files and dispose of those that are not required to be retained by law (ie, public records law, record retention, grant agreements, etc.)

Management's Response: The secretary/treasurer, on direction of the president, stated that, "The secretary/treasurer has noted the need for reorganization of office records and is in the process of making the necessary changes."

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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, I do not believe the reportable condition described above is a material weakness.

MADISON PARISH POLICE JURY
Tallulah, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

This report is intended for the information of the Madison Parish Police Jury, management of the police jury, and interested state and federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be "Vernon R. [unclear]", written in a cursive style.

West Monroe, Louisiana
July 31, 1997



**Independent Auditor's Report on Internal Control
Structure Used in Administering Federal
Financial Assistance Programs**

MADISON PARISH POLICE JURY
Tallulah, Louisiana

I have audited the primary government financial statements of the Madison Parish Police Jury as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated July 31, 1997. I have also audited the compliance of the Madison Parish Police Jury with requirements applicable to major federal financial assistance programs and have issued my report thereon dated July 31, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement and about whether the Madison Parish Police Jury complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1996, I considered the internal control structure of the Madison Parish Police Jury in order to determine my auditing procedures for the purpose of expressing my opinion on the primary government financial statements of the Madison Parish Police Jury and on the compliance of the Madison Parish Police Jury with requirements applicable to its major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the primary government financial statements in a separate report dated July 31, 1997.

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MADISON POLICE JURY

Tallulah, Louisiana

Independent Auditor's Report on Internal Control Structure Used in Administering Federal Financial Assistance Programs, December 31, 1996

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

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

Accounting applications:

- Revenues/receipts
- Expenditures/disbursements/purchasing
- Payroll/personnel
- Budgeting/budgetary reporting
- Electronic data processing

General Requirements:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Real property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Administrative requirements

Specific Requirements

- Claims for advances and reimbursements
- Amounts claimed or used for matching

MADISON POLICE JURY

Tallulah, Louisiana

**Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs,
December 31, 1996**

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

During the years ended December 31, 1995 and 1996, the Madison Parish Police Jury expended 94 per cent and 96 per cent respectively of its total federal financial assistance under its major federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to each of the police jury's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of the Madison Parish Police Jury, management of the police jury, and interested state and federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
July 31, 1997



MANAGEMENT LETTER

MADISON PARISH POLICE JURY Tallulah, Louisiana

In planning and performing my audit of the Madison Police Jury's primary government financial statements for the two years ended December 31, 1996, certain matters came to my attention which I feel should be conveyed to management of the police jury. These matters, while not appropriate for inclusion in the various auditor's reports accompanying the financial statements, are items which I feel should be brought to your attention.

RURAL DEVELOPMENT GRANT

In November, 1995, the police jury received a \$50,000 grant from the Governor's Office of Rural Development to conduct renovation work on the courthouse annex. The police jury took no action during 1996. I noted that the police jury, on January 14, 1997, voted to establish a separate fund for rural development grants. As I am sure the police jury is aware, should the funds not be expended on courthouse annex repairs within the specified time frame established by the Office of Rural Development, the jury could be required to refund the monies and lose the assistance they could have provided. I urge the police jury to complete the work as expeditiously as possible.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

My audit report on the police jury's 1995-96 financial statements includes a finding on maintenance and organization of records with regard to its LCDBG grant. A monitoring report issued by the Louisiana Division of Administration on May 3, 1996, was very critical of the parish's administration of the program. The police jury should be aware that failure by the parish to properly administer LCDBG programs could not only result in failure to obtain future funding but could also result in a requirement to refund funding for its current program, neither of which can the police jury afford to happen. I strongly urge the police jury to ensure that its consultant properly administer the program and completely maintain all required records and files.

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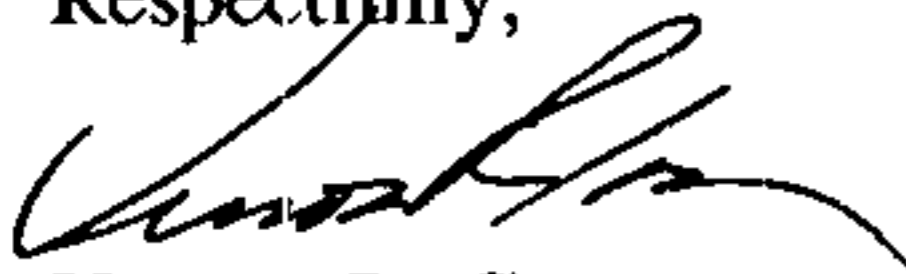
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MADISON PARISH POLICE JURY
Tallulah, Louisiana
Management Letter
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GENERAL

I am available to assist the police jury with any problems or questions they have concerning the above management letter comments or other accounting related problems.

Respectfully,



Vernon R. Coon
July 31, 1997