



PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1996  
With Supplemental Information Schedule

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LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report**

BOARD OF GOVERNORS  
PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana

I have audited the general purpose financial statements of Prison District No. 1 of the Sixth Judicial District of Louisiana, a component unit of the East Carroll Parish Police Jury, as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Prison District No. 1 of the Sixth Judicial District of Louisiana's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Prison District No. 1 of the Sixth Judicial District of Louisiana as of December 31, 1996, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Prison District No. 1 of the Sixth Judicial District of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

PRACTICE LIMITED TO GOVERNMENTAL, BUSINESS AND ACCOUNTING

-2-

MEMBER ASSOCIATION  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

BOARD OF GOVERNORS  
PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Independent Auditor's Report,  
December 31, 1996

In accordance with Government Auditing Standards, I have also issued a report dated July 10, 1997 on my consideration of Prison District No. 1 of the Sixth Judicial District of Louisiana's internal control structure and a report dated July 10, 1997 on its compliance with laws, regulations, and contracts.

*Steven A. Anderson*

West Monroe, Louisiana  
July 10, 1997

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

PARISH DISTRICT NO. 3 OF THE SIXTH  
 JUDICIAL DISTRICT OF LOUISIANA  
 Lake Providence, Louisiana  
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	GENERAL FUND - OTHER ACCOUNT GROUP	TOTAL (Amounts are in \$)
<b>ASSETS AND OTHER DEBITS</b>			
Cash and cash equivalents	\$572,667		\$572,667
Receivables:			
Accounts	125,862		125,862
Other	5,674		5,674
Land, buildings, and equipment		\$93,947	\$93,947
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$704,203</u>	<u>\$93,947</u>	<u>\$798,150</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$49,135		\$49,135
Salaries and related benefits payable	21,946		21,946
Due to others	2,315		2,315
Total liabilities	<u>73,396</u>	<u>NONE</u>	<u>73,396</u>
Fund Equity:			
Investment in general fund assets		\$93,947	\$93,947
Fund balance - unreserved - undesignated	<u>630,807</u>	<u>0</u>	<u>630,807</u>
Total Fund Equity	<u>630,807</u>	<u>\$93,947</u>	<u>724,754</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$704,203</u>	<u>\$93,947</u>	<u>\$798,150</u>

The accompanying notes are an integral part of this statement.

PRISON DISTRICT NO. 1 OF THE NINTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
GOVERNMENTAL FUND TYPE -  
GENERAL FUND

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

**REVENUES**

Fees, charges, and commissions for services	\$1,684,530
Use of money and property	26,186
Other revenues	2,000
Total revenues	<u>1,712,716</u>

**EXPENDITURES**

Current - public safety:	
Personnel services and related benefits	621,250
Operating services	275,711
Material and supplies	80,100
Travel and other	4,834
Capital outlay	20,500
Intergovernmental	250,000
Total expenditures	<u>1,252,395</u>

**EXCESS (DEFICIENCY) OF REVENUES**

**OVER EXPENDITURES** (45,140)

**FUND BALANCE AT BEGINNING OF YEAR** 600,000

**FUND BALANCE AT END OF YEAR** \$554,860

The accompanying notes are an integral part of this statement.

PARISH DISTRICT NO. 1 OF THE SIXTH  
 JUDICIAL DISTRICT OF LOUISIANA  
 Lake Providence, Louisiana  
 GOVERNMENTAL FUND TYPE -  
 GENERAL FUND

Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget  
 (Cash Basis and Actual)  
 For the Year Ended December 31, 1996

	BUDGET	ACTUAL	VARIANCE (EXCESS/DEFI- CENCY)
<b>REVENUES</b>			
Fees, charges, and commission for services	\$1,421,200	\$1,471,500	\$50,300
Use of money and property	26,000	26,000	(1,000)
Other revenues	1,200	1,800	700
<b>Total revenues</b>	<u>1,650,400</u>	<u>1,699,300</u>	<u>49,600</u>
<b>EXPENDITURES</b>			
Current - public safety:			
Personnel services and related benefits	400,150	399,807	1,043
Operating services	500,500	490,993	(1,000)
Material and supplies	80,600	82,200	1,600
Travel and other	3,000	6,700	200
Capital outlay	16,400	16,400	
Intergovernmental	220,100	222,452	2,352
<b>Total expenditures</b>	<u>1,280,350</u>	<u>1,699,852</u>	<u>3,502</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>370,050</u>	<u>0,000</u>	<u>370,050</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>50,000</u>	<u>50,000</u>	<u>0,000</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$87,050</u>	<u>\$50,000</u>	<u>(\$37,050)</u>

The accompanying notes are an integral part of this statement.



PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Prison District No. 1 of the Sixth Judicial District of Louisiana was created by the East Carroll Parish Police Jury, as authorized by Louisiana Revised Statute 15:801 et. seq., on February 12, 1950, by act number 1296. The district is governed by a three member board appointed by the East Carroll Parish Police Jury. Board members receive compensation as provided for by law. The district is responsible for maintaining and operating a prison facility within the limits of East Carroll Parish. The prison houses both state and parish prisoners.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the 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.

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

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.

Because the police jury created the district, and appoints the board of governors of the district, and has the ability to impose its will on the district, the district was determined to be a component unit of the East Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the East Carroll Parish financial reporting entity.

#### B. FUND ACCOUNTING

The district 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 fund assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are presented 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, when the focus of attention is on the providing of services to the public as opposed to proprietary funds when 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 district's current operations require the use of only the General Fund, a governmental fund.

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

**C. FIXED ASSETS AND LONG-TERM DEBT**

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets. Approximately 8 per cent of general fixed assets are valued at actual historical cost while the remaining 92 per cent are valued at estimated cost, based on the actual historical cost of like items.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

The prison district has no long-term debt at December 31, 1995.

**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. 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 district uses the following practices in recognizing and reporting revenues and expenditures:

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

**Revenues**

Revenues for prisoner care and other fees, charges, and commissions for services are recorded when the district is entitled to the funds.

Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, fees, charges, and commissions for services have been treated as receivable to account.

**Expenditures**

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

**E. BUDGET PRACTICES**

A preliminary budget for the ensuing year is prepared by the district's secretary prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the cash basis of accounting. The budget is established and controlled by the board of governors at the object level of expenditures. Encumbrance accounting is not used by the district. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of governors.

Partial budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

For the year ended December 31, 1996, a cash basis budget was adopted for the prison district's General Fund.

PRISON DISTRICT NO. 1 OF THE SIXTH  
 JUDICIAL DISTRICT OF LOUISIANA  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

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 (CASH basis):

Excess (deficiency) of revenues over expenditures (budget basis)	\$3,668
Adjustments:	
Receivables	1,573
Payables	<u>(20,383)</u>
Excess of revenues over expenditures (Cash) basis	<u>\$15,142</u>

**F. CASH AND CASH EQUIVALENTS**

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the district has cash (bank balances) totaling \$80,114 as follows:

Demand deposits	\$43,402
Party cash	800
Time deposits	<u>328,682</u>
Total	<u>\$472,682</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1998, are secured as follows:

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

Bank balances	<u>\$485,054</u>
Federal deposit insurance	\$357,576
Pledged securities (uncollateralized)	<u>186,376</u>
Total	<u>\$1,028,006</u>

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 58:1228 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. VACATION AND SICK LEAVE

All full-time employees of the prison district earn vacation leave at rates varying from one to three weeks per year, depending on whether they are salaried or hourly employees and on length of service. Vacation leave cannot be accumulated. In addition, all employees receive sick leave as needed at the discretion of the prison district board of governors.

As December 31, 1985, the police jury had no employee leave benefits requiring recognition in accordance with GASB Codification Section D60. The cost of leave privileges, computed in accordance with the previous modification, is recognized as a current-year expenditure within the various funds when leave is actually taken or when employees are paid for accrued vacation leave upon retirement.

#### II. TOTAL COLUMN 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, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

PRISON DISTRICT NO. 1 OF THE SIXTH  
 JUDICIAL DISTRICT OF LOUISIANA  
 Lake Providence, Louisiana  
 Notes to the Financial Statements (Continued)

2. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended December 31, 1986:

	Balance at January 1, 1986	Additions	Deletions	Balance at December 31, 1986
Land and improvements	\$120,990			\$120,990
Buildings	587,000			587,000
Furniture and equipment	172,527	\$22,580	(\$1,400)	193,707
Total	<u>\$880,517</u>	<u>\$22,580</u>	<u>(\$1,400)</u>	<u>\$901,697</u>

3. PENSION PLAN

Substantially all employees of the Prison District No. 1 of the Sixth Judicial District of Louisiana are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit 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 prison district 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 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 employer 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.

**PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA**  
Lake Providence, Louisiana  
Notes to the Financial Statements (Continued)

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 Periodical 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 Prison District No. 1 of the Sixth Judicial District of Louisiana is required to contribute at an actuarially determined rate. The current rate is 7.25 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 Prison District No. 1 of the Sixth Judicial District of Louisiana are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:903, 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 Prison District No. 1 of the Sixth Judicial District of Louisiana's contributions to the System under Plan A for the years ending December 31, 1996, and 1995, were \$42,351, and \$45,732, respectively, equal to the required contributions for each year.

**7. LITIGATION AND CLAIMS**

At December 31, 1996, the prison district is not involved in any lawsuits, nor is it aware of any unasserted claims.



**SUPPLEMENTAL INFORMATION SCHEDULE**

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended December 31, 1996

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1999 Session of the Louisiana Legislature. The board of governors receive \$50 per meeting not to exceed twelve meetings per year as provided by Louisiana Revised Statute 15:805.

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana

Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 1996

Brown F. Nelson	600
W. L. Payne	600
Billy W. Travis	600
Total	<u>\$1,800</u>

**Independent Auditor's Reports Required  
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations and contracts 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, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

LOUIS L. ANDRIEUX  
CERTIFIED PUBLIC ACCOUNTANT

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

**PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA**  
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana, as of December 31, 1996, and for the year then ended, and have issued my report thereon dated July 30, 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 Louisiana Government Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Prison District No. 1 of the Sixth Judicial District of Louisiana, is the responsibility of the prison district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Prison District No. 1 of the Sixth Judicial District of Louisiana's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general purpose 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 are failures to follow requirements or violations of prohibitions, contained in laws, regulations, or contracts that cause me to conclude that the aggregation of those failures or violations is material to the primary government financial statements. The results of my tests of compliance disclosed the following material instances of noncompliance:

FACTS RELATED TO GOVERNMENTAL AUDITING AND ACCOUNTING

**PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Independent Auditor's Report  
on Compliance, etc.,  
December 31, 1985**

**Need to Complete Audit  
Within Time Prescribed**

**Finding:** Louisiana Revised Statute (LRS) 24:513 (A)(5)(a) requires the prison district's audit to be completed within six months of the close of the prison district's fiscal year. Because the prison district was unable to provide complete financial and accounting records to the auditor timely, the audit could not be completed within the prescribed time period.

**Recommendation:** In the future, the prison district should ensure that the district's records are available for audit in sufficient time as to ensure that its audit is completed within the time prescribed by state law.

**Management's Response:** The secretary informed me that the prison district will ensure that the district's records are available for audit in sufficient time to ensure that the audit is completed within the time prescribed by state law.

**Need to Comply with Constitution**

**Finding:** During my test of general fixed assets, I noted that the prison district received and accepted a bid for the sale of surplus equipment. I was unable to locate a receipt for the sales price and was informed that payment had not been received. I was also informed that the individual who submitted the bid had taken possession of and removed 2 vehicles which were included in the sale. I believe that because the vehicles were removed and no payment received that Article 7, Section 14 of the Louisiana Constitution has been violated.

**Recommendation:** The prison district should immediately secure full payment in accordance with the accepted bid or recover the equipment removed. In the future, the prison district should not allow any equipment to be removed from the premises until payment has been received.

PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA  
Lake Providence, Louisiana  
Independent Auditor's Report  
on Compliance, etc.,  
December 31, 1996

**Management's Response:** The secretary informed me that until such time of the audit she was not informed that these items had been removed before payment was received. She has since spoken to the individual awarded the bid and that the two items are to be returned to the prison. She further stated that, in the future, no equipment will be removed before payment is received.

I considered these instances of noncompliance in forming my opinion on whether the Prison District No. 1 of the Sixth Judicial District of Louisiana's 1995 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 10, 1997, on these general purpose financial statements.

Except as described above, the results of my tests of compliance indicate that, with respect to the items noted, the Prison District No. 1 of the Sixth Judicial District of Louisiana, complied, in all material respects, with the provisions referred to in the third paragraph of this report; and with respect to items not noted, nothing came to my attention that caused me to believe that the Prison District No. 1 of the Sixth Judicial District of Louisiana, primary government, had not complied, in all material respects, with those provisions.

The audit report of the East Carroll Parish Police Jury, which included the prison district as a Special Revenue Fund, for the two years ended December 31, 1995, included findings related to timely completion of the audit and funds not deposited into prison district accounts. Except for the finding related to the timely completion of the audit, as noted above, management of the prison district has resolved these findings.

This report is intended for the information of members of the Prison District No. 1 of the Sixth Judicial District of Louisiana, management of the prison district, and interested state and parish agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Harold J. Babin*

West Monroe, Louisiana  
July 10, 1997

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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

**PRISON DISTRICT NO. 1 OF THE SIXTH  
JUDICIAL DISTRICT OF LOUISIANA**

Lake Providence, Louisiana

I have audited the general purpose financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana, as of December 31, 1996, and for the year then ended, and have issued my report thereon dated July 30, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Prison District No. 1 of the Sixth Judicial District of Louisiana 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 general purpose 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 general purpose financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana 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



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whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted the following 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 general purpose financial statements.

**Need to Monitor Vendor Invoices**

**Finding:** During my test of expenditures, I examined 6 vendor invoices for meat products purchased for use in the prison cafeteria. I compared the unit prices charged on the invoices to the accepted bid prices and noted that 21 of the 71 items were charged at amounts in excess of the accepted bid prices in effect at the time of delivery. The total amount overcharged on these 6 invoices was approximately \$752.

**Recommendation:** The kitchen manager or prison secretary should examine all invoices and ensure that the amount charged is the amount that was bid for the items. The prison district should research all invoices for meat and food items and request a refund for any amounts determined to be in excess of bid amounts. In the future, the prison district should only pay the amount bid for food and meat products.

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**Management's Response:** The secretary informed me that neither her nor the prison board members were aware that items were being charged at amounts in excess of the amounts bid. She also stated that the prison board will research all invoices for 1996 for meat and food items and request refunds for any amounts that exceeded the bid amounts. In addition, the kitchen manager and secretary will have copies of all bills accepted and will compare invoices to bids to ensure all bids are being complied with.

**Need to Obtain Payment for  
Sale of Equipment**

**Finding:** As noted in my report on compliance above, the prison district received and accepted a bid for the sale of surplus equipment for which payment has not yet been received. Two vehicles which were included in the sale have been removed by the individual awarded the bid. Internal controls over fixed assets and revenues require that an asset sold as surplus should be removed from the prison for which payment has not been received.

**Recommendation:** The prison district should immediately secure full payment in accordance with the accepted bid or recover the equipment removed. In the future, the prison district should not allow any equipment to be removed from the premises until payment has been received.

**Management's Response:** The secretary has informed me that the prison district will not release any surplus equipment until such time as payment has been received in full. In addition, the two vehicles in question are being returned to the prison.

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A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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 believe the reportable conditions described above to be material weaknesses.

The audit report of the East Carroll Parish Police Jury, which included the prison district as a Special Revenue Fund, for the two years ended December 31, 1995, included findings related to weaknesses in purchasing controls and public funds used for private purposes. These findings have been resolved by management of the prison district.

I also noted another matter involving the internal control structure and its operations that I have reported to management of the Prison District No. 1 of the Sixth Judicial District of Louisiana in a separate letter dated July 10, 1997.

This report is intended for the information of members of the Prison District No. 1 of the Sixth Judicial District of Louisiana, management of the prison district, and interested state and parish agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Alvin M. Robinson*

West Monroe, Louisiana  
July 10, 1997

LOUIS L. ANDRIE  
CERTIFIED PUBLIC ACCOUNTANT

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(504) 386-1626

July 10, 1997

MANAGEMENT LETTER

Prison District No. 1 of the Sixth  
Judicial District of Louisiana  
Lake Providence, Louisiana

In planning and performing my audit of the Prison District No. 1 of the Sixth Judicial District of Louisiana's financial statements for the year ended December 31, 1996, a certain matter came to my attention which I believe should be conveyed to management of the prison district. This matter, while not appropriate for inclusion in the various auditor's reports accompanying the financial statements, is an item which I believe should be brought to your attention.

**PURCHASES OF LUNCHES**

For the year ended December 31, 1996, the prison district spent approximately \$5,800 for lunches for inmates working at the courthouses and other locations within the parish. I believe that considerable savings could be realized by delivering lunches prepared at the prison to these locations. In addition, this practice dilutes the effectiveness of controls over ensuring that only authorized personnel receive these lunches and it appears that this practice could violate the public bid law.

**GENERAL**

I am available to assist the prison district with any problems or questions concerning the above or any other matters.

Respectfully,



Louis L. Andrie

FRANCHISE LISTING IN GOVERNMENTAL AUDITING AND ACCOUNTING

MEMBER ASSOCIATION  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS