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

Annual Financial Report
As of and for the Year Ended December 31, 1968

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

Release Date: NOV 15 1968

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

Annual Financial Report
As of and for the Year Ended December 31, 1998

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Independent Auditors' Report

Board Members

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

We have audited the accompanying GENERAL-PURPOSE FINANCIAL STATEMENTS of the Prison District No. 1 of the Sixth Judicial District of Louisiana, (the District) Lake Providence, Louisiana, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 1998. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. These standards require that we 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 component unit financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the District, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The District has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin, "Disclosures About Year 2000 Issues," as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, but the Governmental Accounting Standards Board has determined as necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000-compliant.

In accordance with Government Auditing Standards, we have also issued a report dated June 18, 1999, on our consideration of the District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the District taken as a whole. The accompanying SUPPLEMENTAL INFORMATION, as 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 the District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

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

Also, the accompanying OTHER INFORMATION as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
June 18, 1999

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

ALL FUNDS TYPES AND ACCOUNT GROUPS
 Combined Balance Sheet
 December 31, 1998

Statement A

	"GOVERNMENTAL FUNDS"			"ACCOUNT" "GROUP"		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	FEDERAL TRUST AND AGENCY	GENERAL FUNDS	ASSETS	
ASSETS AND OTHER DEBITS						
Assets:						
Cash and cash equivalents	\$ 204,001 \$	15,000 \$	5,440 \$	0 \$	0 \$	224,441
Investments	210,000	0	0	0	0	210,000
Accounts receivable	180,004	1,307	0	0	0	181,311
Due from other funds	0	0	832	0	0	832
Inventory	0	7,200	0	0	0	7,200
Land, buildings and equipment	0	0	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 594,005 \$	23,507 \$	6,272 \$	0 \$	0 \$	623,784
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ 60,000 \$	7,128 \$	0 \$	0 \$	0 \$	67,128
Payroll deductions payable	5,200	0	0	0	0	5,200
Due to other funds	832	0	0	0	0	832
Due to others	0	0	8,301	0	0	8,301
Total Liabilities	\$ 66,032 \$	7,128 \$	8,301 \$	0 \$	0 \$	81,461
Fund Equity:						
Investment in general fund assets	0	0	0	0	0	0
Fund Reserves:						
Reserved for inventory	0	7,200	0	0	0	7,200
Unreserved and undesignated fund balance	527,941	8,307	0	0	0	536,248
Total Equity and Other Credits	\$ 527,941 \$	15,507 \$	0 \$	0 \$	0 \$	543,448
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 600,000 \$	22,700 \$	8,301 \$	0 \$	0 \$	631,001

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**ALL GOVERNMENTAL FUNDS
Compared Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1988**

Statement 8

	GENERAL FUND	SPECIAL FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES			
Total sources:			
Fees, charges, and commissions for services	\$ 1,007,042	\$ 88,845	\$ 1,095,887
Use of money and property	28,115	0	28,115
Other revenues	128,728	448	129,176
Total Revenues	\$ 1,163,885	\$ 89,293	\$ 1,253,178
EXPENDITURES			
Current:			
General government:			
Personnel services and related benefits	\$ 885,007	\$ 38,783	\$ 923,790
Operating services	874,027	54,475	928,502
Material and supplies	127,281	18,607	145,888
Travel and other	17,780	0	17,780
Capital outlay	45,733	0	45,733
Intergovernmental	300,800	0	300,800
Total Expenditures	\$ 1,750,628	\$ 91,865	\$ 1,842,493
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (586,743)	\$ (2,572)	\$ (589,315)
FUND BALANCES AT BEGINNING OF YEAR	850,283	17,818	868,101
FUND BALANCES AT END OF YEAR	\$ 263,540	\$ (4,754)	\$ 258,786

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Cash) Basis and Actual
For the Year Ended December 31, 1998**

Statement 2

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Fees, charges, and commissions for services	\$ 1,014,000	\$ 1,017,800	\$ 3,800
Use of money and property	27,000	25,110	(1,890)
Other revenues	<u>118,500</u>	<u>220,880</u>	<u>102,380</u>
Total Revenues	<u>\$ 1,159,500</u>	<u>\$ 1,273,890</u>	<u>\$ 114,390</u>
EXPENDITURES			
Current:			
General government:			
Personal services and related benefits	\$ 808,000	\$ 803,200	\$ 4,800
Operating services	270,120	260,200	9,920
Material and supplies	120,500	145,541	24,041
Travel and other	4,000	18,890	14,890
Capital outlay	42,000	42,844	844
Intergovernmental	<u>18,000</u>	<u>70,000</u>	<u>52,000</u>
Total expenditures	<u>\$ 1,372,620</u>	<u>\$ 1,370,775</u>	<u>\$ 1,845</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 48,180	\$ 2,815	\$ 45,365
FUND BALANCES AT BEGINNING OF YEAR	<u>628,200</u>	<u>628,200</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 686,180</u>	<u>\$ 631,015</u>	<u>\$ 55,165</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 1998

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

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana, Lake Providence, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

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 15:881 et. seq., on February 12, 1990, by ordinance number 1285. 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.

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for the Prison District No. 1 of the Sixth Judicial District of Louisiana. 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 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 Statement No. 14 established criteria for 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 accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

Notes to the General Purpose Financial Statements
As of and For the Year Ended December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

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. FUNDS AND ACCOUNT GROUPS

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in determining compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The funds of the District are classified into the governmental category. In turn, this category is divided into separate fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds

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

General fund — the general operating fund of the District. It accounts for all activities except those required to be accounted for in other funds.

Cemetery special revenue fund — is used to account for the sales of concessions and personal hygiene items to the inmates of the prison. Funds derived from this fund are used solely for the benefit of the inmates.

Fiduciary Fund

Inmate trust account agency fund — is used to account for monies held for the inmates during their term of incarceration. It is recorded in names (i.e., assets equal liabilities) and does not involve measurement of operations.

Prison District No. 1 of the State
Judicial District of Louisiana
Lake Charles, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

Account Groups

The general fund assets income group is used to account for fixed assets not accounted for in proprietary or trust funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unamortized interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

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 susceptible to accrual.

Expenditures

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

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

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BUDGETS

A preliminary budget for the coming 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.

Formal budgetary integration (within the accounting records) 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, 1998, a cash basis budget was adopted for the District's general fund. No budget was adopted for the constitutory special revenue fund.

C. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposits accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District 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 their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

D. INVESTMENTS

Investments are limited by R.S. 33:2855 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are reported/presented as per GASB Statement No. 31:

1. Investments in nonparticipating interest-bearing contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The District reported at amortized cost money market investments and participating interest-bearing investments contracts that have a remaining maturity at time of purchase of one year or less.

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

Notes to the General Purpose Financial Statements
As of and for the Year Ended December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVESTMENTS (Continued)

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

The District participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the state of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An audit of LAMP is conducted annually by an independent, certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

The LAMP may invest in U. S. Government Securities. The LAMP is designed to comply with restrictions on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2053.

The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs money market mutual funds (although the LAMP is not a money market fund and has no obligation to conform to this rule). The LAMP generally complies with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and must certain additional quality standards and that the LAMP maintains a dollar-weighted average portfolio maturity of not more than 90 days.

The fair value of the positions in the pool is the same as the value of the pool shares.

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

Notes to the General Purpose Financial Statements
As of and for the Year Ended December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INVENTORY

All purchased inventory items are valued at cost using the first-in, first-out (FIFO) method.

H. FIXED ASSETS

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% of general fixed assets are valued at actual historical cost while the remaining 92% 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.

I. COMPENSATED ABSENCES

All full-time employees of the District earn vacation leave at rates varying from one to ten to 30 days per year, depending on length of service. Vacation leave cannot be accumulated. In addition, all employees receive sick leave as accorded at the discretion of the District board of governors.

The cost of leave privileges is recognized as a current-year expenditure within the various funds when leave is actually taken.

J. FUNDS/EQUITY

Reserves represent those portions of fund equity that are not appropriate for expenditures or that are legally segregated for a specific purpose.

Designated fund balances represent tentative management plans for future use of financial resources and are subject to change.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

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

Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. MEMORANDUM ONLY - TOTAL COLUMNS

The total columns on the general-purpose financial statements are captioned as "Memorandum Only" to indicate that they are prepared only to facilitate financial analysis. Data in these columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH

At December 31, 1998, the District had cash and cash equivalents (book balances) totaling \$224,809 as follows:

Demand deposits	\$224,809
Petty cash	500
Time deposits	198,385
Total deposits	423,194
Less: time deposits classified as investments	198,385
Total cash and cash equivalents per Statement A	\$224,809

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 in 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.

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to substitute and sell the pledged securities within 10-days-of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

At year-end, the District's carrying amount of deposits was \$224,809 and the bank balance was \$496,628. Of the bank balance, \$20,110 was covered by federal depository insurance. The remaining balance of \$476,518 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name (GASB Category 2).

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

**Notes to the General Purpose Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 3 - INVESTMENTS

Investments are categorized into three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the District's name.

At year end, the District investment balances were as follows:

Type of Investment	Category			Carrying Amount		Total Carrying Amount
	1	2	3	Fair Value	Cost	
Certificate of deposit	\$	\$	\$198,385	\$	\$198,385	\$198,385
Total	\$	\$	\$198,385			
Investments not subject to categorization:						
Internal investment pool (LAMP)				103,608		103,608
Total investments				\$103,608	\$198,385	\$302,993

NOTE 4 - RECEIVABLES

The receivables of \$171,381 at December 31, 1998, are as follows:

Class of Receivable	General Fund	Special Revenue Fund	Total
Fees and charges	\$165,368	\$	\$165,368
Other	4,536	1,477	6,013
Total	\$169,904	\$1,477	\$171,381

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

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 1988**

NOTE 8 - FIXED ASSETS

The changes in general fixed assets are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Land and improvements:				
Buildings	\$120,898	\$ -	\$ -	\$120,898
Furniture and equipment	189,896	-	-	189,896
	<u>192,833</u>	<u>45,773</u>	<u>-</u>	<u>238,606</u>
Total	<u>\$385,729</u>	<u>\$45,773</u>	<u>\$ -</u>	<u>\$431,502</u>

NOTE 6 - RETIREMENT SYSTEMS

Substantially all employees of the District are members of the Parishal 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 district plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 18 hours per week who are paid wholly or in part from parish funds and all clerical 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 20 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% 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 benefits are equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3% 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 joint 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.

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

**Notes to the General Purpose Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 6 - RETIREMENT SYSTEMS (Continued)

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.25% of annual covered payroll. Contributions to the system also include one-fourth of 1% (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 member of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:185, 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 District's contributions to the System under Plan A for the years ending December 31, 1994, 1997, and 1998 were \$48,153, \$38,783, and \$42,351, respectively, equal to the required contributions for each year.

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 14605, Baton Rouge, Louisiana 70804-4619, or by calling (225) 928-1341.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

The District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. 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 District. The District recognizes the cost of providing these benefits for the retirees as an expenditure when paid during the year. The District had expenditures of \$4,332 for four retirees.

NOTE 8 - COMPENSATED ABSENCES

At December 31, 1998, the District had no employees leave benefits requiring recognition in accordance with GASB Codification Section 508.

NOTE 9 - INTERFUND ASSETS/LIABILITIES

Receivable Fund	Payable Fund	Amount
Agency Fund Income tax	General fund	\$932

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

Notes to the General Purpose Financial Statements
As of and for the Year Ended December 31, 1998

NOTE 10 - CHANGES IN DEPOSITS DUE OTHERS

A summary of changes in inmate trust account agency fund deposits due others is as follows:

Balance at January 1, 1998	\$ 2,818
Additions	140,967
Deletions	<u>(132,181)</u>
Balance at December 31, 1998	\$ <u>6,304</u>

NOTE 11 - BUDGETS TO ACTUAL RECONCILIATION

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 (audit) to the same amounts shown on Statement B (GAAP basis):

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses (audit)	\$ 6,281
Adjustments:	
Receivables	18,142
Payables	<u>(12,542)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	\$ <u>6,881</u>

NOTE 12 - LITIGATION AND CLAIMS

At December 31, 1998, the District is not involved in any lawsuits. However, there is one unasserted claim involving alleged injuries sustained by an inmate. Because the District's legal counsel cannot make an estimate of possible liability, no provision for possible loss have been made in the accompanying financial statements.

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

SUPPLEMENTAL INFORMATION

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

**Compensation Paid Board Members
For the Year Ended December 31, 1998**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature.

The board members serve without compensation. A \$50 per month per board member reimbursement is made to the general fund of the East Carroll Parish Police Jury.

Bobby L. Moore

W. L. Payne

Billy Travis

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

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and programs, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.



ALLEN, GREEN & COMPANY, LLP

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David L. Allen, CPA
A Professional
Accounting Firm

Tom Green, CPA

Marge Robinson, CPA

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members

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

We have audited the general-purpose financial statements of Prison District No. 1 of the Sixth Judicial District of Louisiana, Lake Providence, Louisiana, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in condition 98-F1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters arising in our situation relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 98-F2, 98-F3 and 98-F4.

Board Members
Prison District No. 1 of the South
Judicial District of Louisiana
Lake Providence, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, none of the reportable conditions described above is considered to be a material weakness. We have also noted other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated June 18, 1999, included later in this report.

This report is intended solely for the information and use of the Board members, management, judicial awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
June 18, 1999

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

Schedule of Findings and Questioned Costs
As of and for the Year Ended December 31, 1968

PART II - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and title: SF-1: Teacher Disbursement Timing

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: For adequate internal control, disbursements should have sufficient documentation and have approval for payment.

Condition found: In the general fund, the following was found:

1. Four instances of documentation not provided.
2. Eleven instances of documentation not scanned to prevent duplicate payment.
3. Eleven instances of disbursement not approved by appropriate personnel.

In the commissary special revenue fund, the following was found:

1. Six instances of documentation not provided.
2. Three instances of disbursement not approved by appropriate personnel.

In the inmate trust agency fund, the following was found:

1. Six instances of documentation not provided.

Program perspective for judging the prevalence and consequences: From a total population of 1,666 checks, 60 were selected for testing.

Possible asserted effect/cause and effect:

Cause: The cause is unknown.

Effect: The District is not retaining sufficient documentation for disbursements.

Recommendations to prevent future occurrences: All disbursements should have sufficient documentation before the disbursement is made. The documentation should be approved by the appropriate personnel. The documentation should be scanned to prevent duplicate payment and scanned in an orderly manner.

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

Schedule of Findings and Questioned Costs
As of and for the Year Ended December 31, 1998

PART II - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # available: 88-03 Cash Receipts

Entity, unit, or program/department, specific: The finding is specific to the inmate trust account.

Criteria or specific requirement: Strong controls are needed in situations where receipts are mostly cash. Strong controls would include issuing a pre-numbered receipt and accounting for the numerical sequence. These numbers should be identified on the deposit slip so that receipts are traceable to deposits.

Condition found: Five days of receipts were selected for testing controls. Receipts chosen for testing could not be traced to validated deposits because the receipt number was not included on the deposit slip.

Dollar exposure for judging the prevalence and seriousness: \$140,007 was deposited in the Inmate Trust Account for 1998.

Possible asserted effect (cause and effect):

Cause: The cause is unknown.

Effect: Cash receipts could not be traced to bank deposits.

Recommendations to prevent future occurrences: All inmate money should be receipted. The deposit should be made daily. The deposit slip should identify the receipt numbers so that all numbered receipts can be traced to the bank deposit.

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

Schedule of Findings and Questioned Costs
As of and for the Year Ended December 31, 1998

PART III - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference Number: 98-24 **Financial Statement Testing**

Entity-wide or program/department specific: The finding is entity-wide.

Criteria or specific requirement: For adequate internal control, payroll disbursements should have sufficient documentation such as time sheets.

Condition found: Time sheets could not be located for two payroll disbursements selected for testing.

Proper perspective for judging the prevalence and consequences: Four hourly employee checks were selected for testing.

Possible asserted effect (cause and effect)

Cause: The cause is unknown.

Effect: The District is not retaining sufficient documentation for payroll disbursements.

Recommendations to prevent future occurrences: The District should evaluate the filing system used for time sheets and payroll records and develop procedures to ensure that all time sheets supporting disbursements can be located.

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

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings. This information has been prepared by the management of the District. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors, and accordingly, no opinion is expressed.

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

Summary Schedule of Prior Audit Findings
December 31, 1998

Reference # and title: 97-1 **Need to Comply With Local Government Budget Act**

Initially occurred: Fiscal year ended December 31, 1997.

Condition: For the year ended December 31, 1997, the District did not adopt a budget for the commissary special revenue fund. In addition, the budget for the general fund was not adequately conditioned. Louisiana Revised Statute 38:1304 requires the jury to adopt a budget for each special revenue fund. L.S.A.-R.S. 39:1309-1318 requires the jury to adopt a budget amendment when revenues and other sources to date plus projected revenues and other sources for the remainder of the year fail to meet budgeted revenues and other sources by 5% or more and/or when expenditures and other uses to date plus proposed expenditures and other uses for the remainder of the year exceed budgeted expenditures and other uses by 7% or more. For the year ended December 31, 1997, the general fund had actual expenditures that exceeded budgeted expenditures by \$19,333 or 5.8%.

Corrective action planned: See current-year corrective action plan for finding 97-1.

Reference # and title: 97-2 **Excessed Securities / Bank Deposits Should be Fully Secured**

Initially occurred: Fiscal year ended December 31, 1997.

Condition: At December 31, 1997, deposits of the District with one financial institution were not adequately covered by federal deposit insurance or the pledge of bank-owned securities. Louisiana Revised Statute 39:1225 requires that the District's bank deposits be fully secured at all times by either federal deposit insurance or pledged securities owned by the bank. At December 31, 1997, the District's deposits at the financial institution totaling \$217,325 were under-secured by \$18,234.

Corrective action taken: The secretary-treasurer reviewed securities pledged by banks to ensure that the District's deposits were fully secured at all times.

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

Summary Schedule of Prior Audit Findings
December 31, 1995

Reference # and title: 92-3 Need to Record Minutes of Board Meetings

Initially occurred: Fiscal year ended December 31, 1993.

Condition: Louisiana Revised Statute 42:7.1 requires all public bodies to keep written minutes of all their open meetings. Minutes of the District's board meetings could not be located for the last three monthly meetings of 1993.

Corrective action taken: The secretary-treasurer recorded and transcribed all minutes of the prison Board meetings and assured that they were inserted into the minute book.

Reference # and title: 92-4 Need to Comply with Public Bid Law

Initially occurred: Fiscal year ended December 31, 1993.

Condition: Louisiana Revised Statute 28:2212 requires that all purchases of materials and supplies exceeding \$15,000 and all public work exceeding \$100,000 be advertised and let by contract to the lowest responsible bidder. Although prior auditor was able to locate the advertisement for bids and the acceptance of bids for food items in the minutes, he was unable to locate all bids received in order to determine that the District accepted the lowest responsible bids.

Corrective action taken: The prison secretary maintained files on all bids received. The files consisted of all the recommended information.

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

Summary Schedule of Prior Audit Findings
December 31, 1998

Reference # and title: 87-5 **Need to Improve Controls Over Expenditures**

Initially occurred: Fiscal year ended December 31, 1990.

Conditions: During testing of expenditures for the year ended December 31, 1997, the following weaknesses in the District's internal controls over expenditures were noted:

1. Ten expenditures or 28.8% of the valid sample items tested were not supported by invoices or other form of documentation.
2. The invoices for two or 19.5% of the items tested were not signed by the person receiving the goods purchased.
3. The amount of the checks for four or 8.3% of those tested did not agree with the supporting documentation.

Corrective action planned: See seven-year corrective action plan for finding 86-72.

Reference # and title: 87-6 **Need to Improve Controls Over Payroll Expenditures**

Initially occurred: Fiscal year ended December 31, 1997.

Conditions: During our test of payroll, we selected 30 employees for one bi-weekly payroll during 1997 to test the accuracy of the payroll record-keeping to include time cards and payroll disbursement checks. We were unable to agree any of the hours worked per the time cards to the time recap sheet used to prepare the payroll. As a result, we expanded our test to include all employees for these pay periods. During this process, the Prison secretary discovered another time recap sheet for the pay period mentioned above. We were able to agree all time cards to this recap sheet. However, the fact that there were two sheets indicates a weakness in the control over payroll records. In addition, the second sheet was not signed by the warden and the original sheet was signed with a rubber stamp and initialed by the former prison secretary. During our test, we also noted that none of the time cards were signed by the employees.

We examined the check vouchers for all employees for the three periods tested and noted that two employees were paid for fewer hours than indicated on their time cards and two were paid three hours over their respective period time. We were, however, able to locate additional payroll sheets for the two employees mentioned. In examining the check vouchers, we noted several arithmetic errors on the voucher copies. We were told that the checks were prepared on a typewriter and that when a mistake was made, the typewriter's correction feature was used to correct the mistake, which made the carbon voucher copies virtually impossible to read.

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

Summary Schedule of Prior Audit Findings
December 31, 1998

Reference # and title	97-6	Need to Improve Controls Over Payroll Expenditures (Continued)
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Condition (Continued)

We traced the total of the W-2 forms for the District to the payroll accounts posted in the general ledger and noted that the general ledger exceeded the total of the W-2 forms by \$20,633. We then obtained all payroll checks for these employees and agreed the total to each one's W-2 form. This test indicated the W-2 form for each of these employees exceeded the total of their payroll checks by \$1,241.86, \$86.64, and \$199.03, respectively.

We reviewed personnel files of five employees and noted that none contained a Louisiana I-4 form. Also, two files did not indicate the employee's date of hire and two did not include the employee's rate of pay.

Corrective action planned: See Corrective Action Plan for Current Year Finding 98-74.

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

**Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended December 31, 1998**

Reference # and title: 98-03 **Needs to Comply With Local Government Budget Act**

Condition: The District did not adopt a budget for the commissary special revenue fund for the year ended December 31, 1998.

Corrective action planned: The District will adopt a budget for the commissary special revenue fund.

Person responsible for corrective action:

Mr. Bobby Moore, President

Telephone: (318) 539-2254

Prison District #1 of the Sixth

Fax: (318) 539-0242

Judicial District of Louisiana

400 First Street

Lake Providence, LA 71254

Anticipated completion date: By December 31, 1999.

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

Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended December 31, 1998

Reference # and title: 98-02 **Vendor Disbursement Testing**

Condition: In the general fund, the following was found:

1. Four instances of documentation not provided.
2. Eleven instances of documentation not cancelled to prevent duplicate payment.
3. Eleven instances of disbursement not approved by appropriate personnel.

In the commissary special revenue, the following was found:

1. Six instances of documentation not provided.
2. Three instances of disbursement not approved by appropriate personnel.

In the inmate trust agency fund, the following was found:

1. Six instances of documentation not provided.

Corrective action planned: All disbursements will have sufficient documentation. The documentation will be approved by the appropriate personnel and cancelled to prevent duplicate payment.

Person responsible for corrective action:

Mr. Bobby Moore, President
Prison District #1 of the Sixth
Judicial District of Louisiana
400 First Street
Lake Providence, LA 71254

Telephone: (318) 558-2296
Fax: (318) 558-1500

Anticipated completion date: By December 31, 1998.

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

Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended December 31, 1998

<u>Reference and title</u>	<u>98-03</u>	<u>Cash Receipts</u>
		<p><u>Condition:</u> Five days of receipts were selected for testing controls. Receipts chosen for testing could not be traced to validated deposits because the receipt number was not included on the deposit slip.</p>
		<p><u>Corrective action planned:</u> All monies received for the inmate trust account will be receipted. The money will be deposited daily. A tag will be used to identify the receipts within each deposit.</p>
		<p><u>Person responsible for corrective action:</u> Mr. Bobby Mason, President Prison District #1 of the Sixth Judicial District of Louisiana 400 First Street Lake Providence, LA 71254</p> <p>Telephone: (318) 599-1256 Fax: (318) 599-1500</p>
		<p><u>Anticipated completion date:</u> By December 31, 1998.</p>

<u>Reference and title</u>	<u>98-04</u>	<u>Payroll Disbursement Testing</u>
		<p><u>Condition:</u> Time sheets could not be located for two payroll disbursements selected for testing.</p>
		<p><u>Corrective action planned:</u> The filing system will be reviewed and any improvements necessary to ensure that all time sheets are retained will be made.</p>

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

Management Letter Items

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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CPA# 62, Green, CPA
(Professional
Accounting Firm)

The Green, CPA

Maigle Williamson, CPA

Management Letter

Board Members

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

In planning and performing our audit of the general-purpose financial statements of Prison District No. 1 of the Sixth Judicial District of Louisiana, Lake Providence, Louisiana for the year ended December 31, 1998, we considered the District's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 18, 1999, on the financial statements of the District. We will review the status of these matters during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

98-01 Disbursements to Cash

Comment: During vendor testing, we noted a check payable to "cash." Checks payable to "cash" weaken the control over disbursements. A check payable to cash may be cashed by anyone.

Recommendations: Checks should not be made payable to cash. Checks should only be made payable to specific vendors.

Management's response: Checks payable to cash will be prohibited in the future.

98-02 Hourly Wage Documentation

Comment: Documentation of hourly rates for employees is not maintained in the personnel files for these employees. The Supervisor hiring these employees verbally informs the person preparing the payroll of the hourly rate. No salary schedules exist for hourly employees. Salaried employee wages are approved by the Board but the documentation from the minutes is not maintained in the employee personnel folders.

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

Recommendations: The request to add employees to payroll should include the rate of pay and the signature of the person authorizing the rate. This request should be filed in the employee's personnel file for future reference. Also, a copy of the Board minutes that contain the selected employee's wages should be maintained in their personnel folder.

Management's response: Approval of the hourly rate will be maintained in the employee's personnel file. Copies from the minutes of approval of salary rates will also be maintained in the personnel files.

88.MJ Check Signers

Comment: The check signers for the inmate and commissary accounts are the check preparers. These check signers changed several times during the year due to a change in personnel.

Recommendations: Checks should be signed by someone independent of the check preparation process. The authorized check signers for the inmate and commissary accounts should be same as for the barracks account.

Management's response: The authorized check signers for these two accounts will be changed to the same persons authorized to sign on the barracks account.

88.MJ Fixed Asset Listing

Comment: Several assets were selected from the fixed asset listings to trace to the asset. One item included on the listing with a cost of \$4,000 is not being used and another item with a cost of \$954 could not be located.

Recommendations: A complete physical inventory should be conducted and reconciled to the present fixed asset listing to be certain that any old or scrapped items have been deleted and to ensure that all items are on the listing.

Management's response: A complete inventory will be conducted and reconciled to the present fixed asset listing.

Included with each management item is management's response. We have performed no audit work to verify the content of the responses.

Also included immediately following this letter is a Status of Prior Management Letter Item. This information has not been audited by Allen, Green & Company, LLP and no opinion is expressed. However, we did follow-up on prior management letter items and performed procedures to assess the reasonableness of the Status of Prior Management Letter Items prepared by the auditee, and we would report, on a current-year management letter item when Allen, Green & Company, LLP concludes that the Status of Prior Management Letter Items reasonably misrepresents the status of any prior management letter item.

Board Members
Parish District No. 1 of the State
Judicial District of Louisiana
Lake Providence, Louisiana

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management, federal auditing agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
June 18, 1999

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

**Status of Prior Management Letter Items
December 31, 1998**

No management letter items were reported for the year ended December 31, 1997; therefore, this section does not apply.