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DESOTO PARISH POLICE JURY
Mansfield, Louisiana

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

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 12 1997~~

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**VERNON R
COON**
CERTIFIED PUBLIC ACCOUNTANT

C O N T E N T S (CONTD.)

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DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Contents, December 31, 1996

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Independent Auditor's Report

MEMBER AMERICAN
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SOCIETY OF LOUISIANA
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ACCOUNTANTS

PRACTICE LIMITED TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING

DESOTO PARISH POLICE JURY Mansfield, Louisiana

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

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

As discussed more fully in Note 4 to the financial statements, the Eastside Sewer District has not maintained depreciation records on its fixed assets which would allow for the reporting of depreciation expense and accumulated depreciation in the financial statements. In my opinion, all capital expenditures should be capitalized and depreciated over their estimated useful lives to conform with generally accepted accounting principles. The effects on the financial statements of the Eastside Sewer District Enterprise Fund are not reasonably determinable.

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DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Independent Auditor's Report,

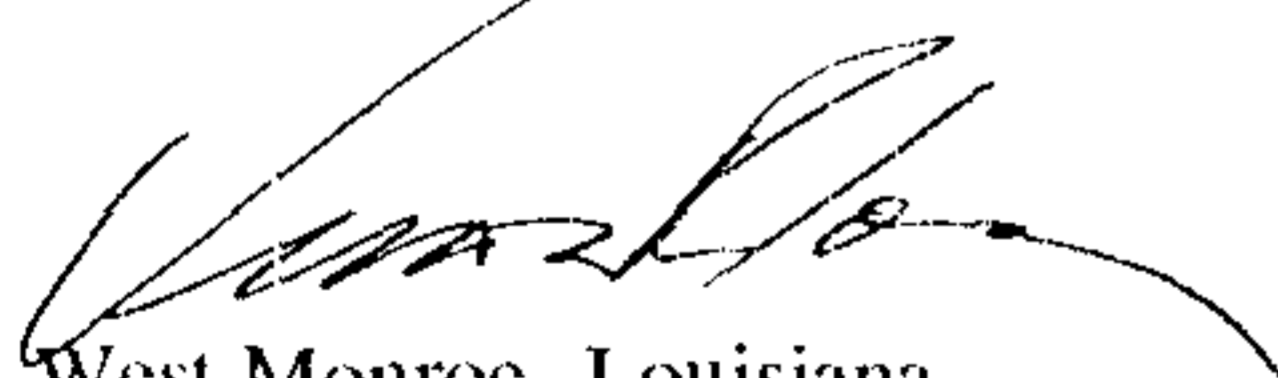
December 31, 1996

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In my opinion, except for the effects of not reporting depreciation expense and accumulated depreciation in the financial statements of the Eastside Sewer District Enterprise Fund, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of DeSoto Parish Police Jury, as of December 31, 1996, and the results of its operations and cash flows of its proprietary fund type enterprise fund for the year then ended, in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of the DeSoto Parish Police Jury, do not purport to, and do not, present fairly the financial position of the DeSoto Parish Police Jury at December 31, 1996, and results of its 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 primary government financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the primary government financial statements of the DeSoto Parish Police Jury. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.

In accordance with *Government Auditing Standards* and OMB Circular A-128, I have also issued reports dated October 21, 1997, on the DeSoto Parish Police Jury's schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants; and my consideration of the agency's internal control structure.



West Monroe, Louisiana

October 21, 1997

**PRIMARY GOVERNMENT FINANCIAL STATEMENTS
(OVERVIEW)**

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1996

GOVERNMENTAL FUND TYPE....			PROPRIETARY FUND TYPEACCOUNT GROUPS....		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	LCDBG CAPITAL PROJECTS FUND		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
Cash and cash equivalents	\$1,583,088	\$1,726,053	\$330	\$223			\$3,309,694
Receivables	534,438	1,321,266	15,429	3,936			1,875,069
Due from other funds	124,825	41,051					165,876
Prepaid expenses		6,737					6,737
Total current assets	<u>2,242,351</u>	<u>3,095,107</u>	<u>15,759</u>	<u>4,159</u>	<u>NONE</u>	<u>NONE</u>	<u>5,357,376</u>
Restricted assets - cash on deposit				30			30
Land, buildings, equipment, and improvements				577,193	\$17,197,440		17,774,633
Amount to be provided for retirement of general long-term obligations					\$1,722,618		1,722,618
TOTAL ASSETS AND OTHER DEBITS	<u>\$2,242,351</u>	<u>\$3,095,107</u>	<u>\$15,759</u>	<u>\$581,382</u>	<u>\$17,197,440</u>	<u>\$1,722,618</u>	<u>\$24,854,657</u>

ASSETS AND OTHER DEBITS

Current assets:
Cash and cash equivalents
Receivables
Due from other funds
Prepaid expenses
Total current assets
Restricted assets - cash on deposit
Land, buildings, equipment, and improvements
Amount to be provided for retirement
of general long-term obligations

TOTAL ASSETS AND OTHER DEBITS

LIABILITIES AND FUND EQUITY

Liabilities:
Current liabilities:
Accounts payable
Due to other funds
Deferred revenues
Certificate of indebtedness
Capital leases payable
Compensated absences payable
Total current liabilities
Current liabilities (payable from restricted assets) -
customer deposits
Fund Equity:
Contributed capital
Investment in general fixed assets

Accounts payable	\$32,940	\$97,027	\$15,429				\$145,396
Due to other funds		165,876					165,876
Deferred revenues		160,596	330				160,926
Certificate of indebtedness					\$1,200,000		1,200,000
Capital leases payable					437,676		437,676
Compensated absences payable					84,942		84,942
Total current liabilities	<u>32,940</u>	<u>423,499</u>	<u>15,759</u>	<u>NONE</u>	<u>1,722,618</u>		<u>2,194,816</u>
Current liabilities (payable from restricted assets) - customer deposits							30
Fund Equity:							
Contributed capital				576,687			576,687
Investment in general fixed assets				\$17,197,440			17,197,440

Retained earnings - unreserved - undesignated					4,665	
Fund balances - unreserved - undesignated	2,209,411	2,671,608	NONE		4,881,019	
Total Fund Equity	<u>2,209,411</u>	<u>2,671,608</u>	<u>NONE</u>	<u>17,197,440</u>	<u>22,659,811</u>	
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,242,351</u>	<u>\$3,095,107</u>	<u>\$15,759</u>	<u>\$17,197,440</u>	<u>\$1,722,618</u>	<u>\$24,854,657</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
GOVERNMENTAL FUND TYPE

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

	GENERAL FUND	SPECIAL REVENUE FUNDS	LCDBG CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Taxes:				
Ad valorem	\$352,190	\$1,042,502		\$1,394,692
Sales and use		2,299,739		2,299,739
Licenses and permits	86,771			86,771
Intergovernmental revenues:				
Federal funds - federal grants	121,525	5,169,155	\$277,890	5,568,570
State funds:				
Parish transportation funds		362,935		362,935
State revenue sharing (net)	25,105	34,296		59,401
Severance taxes	989,630	230,000		1,219,630
Other	309,448	403,141		712,589
Local funds	45,812			45,812
Fees, charges, and commissions for services	59,528	317,596		377,124
Fines and forfeitures		236,647		236,647
Use of money and property	96,200	45,854		142,054
Other revenues	57			57
Total revenues	<u>2,086,266</u>	<u>10,141,865</u>	<u>277,890</u>	<u>12,506,021</u>
EXPENDITURES				
Current:				
General government:				
Legislative	153,685			153,685
Judicial	331,874	217,515		549,389
Elections	84,057			84,057
Finance and administrative	225,108	45,649		270,757
Other general government	134,542			134,542
Public safety	76,699	598,483		675,182
Public works		3,472,852		3,472,852
Health and welfare	109,169	5,165,518		5,274,687
Culture and recreation	9,455	421,689		431,144
Economic development and assistance	19,215			19,215
Transportation		21,640		21,640
Debt service		185,734		185,734
Capital outlay	268,102	496,326	277,890	1,042,318
Intergovernmental	4,600	21,188		25,788
Total expenditures	<u>1,416,506</u>	<u>10,646,594</u>	<u>277,890</u>	<u>12,340,990</u>

(Continued)

DESOTO PARISH POLICE JURY
 Mansfield, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances, etc.

	GENERAL FUND	SPECIAL REVENUE FUNDS	LCDBG CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$669,760</u>	<u>(\$504,729)</u>	NONE	<u>\$165,031</u>
OTHER FINANCING SOURCES (Uses)				
Sale of fixed assets	1,500	1,073		2,573
Compensation for loss of assets		522		522
Proceeds from capital lease		203,012		203,012
Proceeds from certificates of indebtedness		1,200,000		1,200,000
Operating transfers in		2,366,984		2,366,984
Operating transfers out	<u>(157,600)</u>	<u>(2,234,384)</u>		<u>(2,391,984)</u>
Total other financing sources (uses)	<u>(156,100)</u>	<u>1,537,207</u>	NONE	<u>1,381,107</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	513,660	1,032,478	NONE	1,546,138
FUND BALANCES AT BEGINNING OF YEAR	<u>1,695,751</u>	<u>1,639,130</u>	NONE	<u>3,334,881</u>
FUND BALANCES AT END OF YEAR	<u><u>\$2,209,411</u></u>	<u><u>\$2,671,608</u></u>	NONE	<u><u>\$4,881,019</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL
AND SPECIAL REVENUE FUNDS

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

GENERAL FUND.....			...SPECIAL REVENUE FUNDS...		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes:						
Ad valorem taxes	\$339,751	\$352,190	\$12,439	\$1,005,124	\$1,042,502	\$37,378
Sales and use taxes				2,299,739	2,299,739	
Other taxes, penalties, and interest						
Licenses and permits	86,771	86,771				
Intergovernmental revenues:						
Federal funds - federal grants	107,252	121,525	14,273	5,169,161	5,169,155	(\$6)
State funds:						
Parish transportation funds				362,935	362,935	
State revenue sharing (net)	25,105	25,105		34,296	34,296	
Severance tax	989,630	989,630		230,000	230,000	
Other state grants	309,448	309,448		403,141	403,141	
Local funds	45,812	45,812				
Fees, charges, and commissions for services	59,528	59,528		317,596	317,596	
Fines and forfeitures				236,647	236,647	
Use of money and property	96,200	96,200		45,860	45,854	(\$6)
Other revenues	57	57				
Total revenues	<u>2,059,554</u>	<u>2,086,266</u>	<u>26,712</u>	<u>10,104,499</u>	<u>10,141,865</u>	<u>37,366</u>
EXPENDITURES						
Current:						
General government:						
Legislative	153,685	153,685				
Judicial	333,900	331,874	2,026	204,138	217,515	(13,377)
Elections	85,161	84,057	1,104			
Finance and administrative	229,749	225,108	4,641	45,649	45,649	
Other general government	121,891	134,542	(12,651)			
Public safety	65,135	76,699	(11,564)	585,331	598,483	(13,152)
Public works				3,469,714	3,472,852	(3,138)
Health and welfare	108,972	109,169	(197)	5,226,431	5,165,518	60,913
Culture and recreation	9,017	9,455	(438)	390,931	421,689	(30,758)

(Continued)

DESOTO PARISH POLICE JURY
 Mansfield, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL
 AND SPECIAL REVENUE FUNDS
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget
 (GAAP) Basis and Actual, etc.

GENERAL FUND.....			...SPECIAL REVENUE FUNDS...		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES: (Contd.)						
Current: (Contd.)						
Economic development and assistance	\$23,659	\$19,215	\$4,444			
Transportation				\$20,954	\$21,640	(\$686)
Debt service				140,601	185,734	(45,133)
Capital outlay	256,922	268,102	(11,180)	522,056	496,326	25,730
Intergovernmental		4,600	(4,600)	21,188	21,188	
Total expenditures	<u>1,388,091</u>	<u>1,416,506</u>	<u>(28,415)</u>	<u>10,626,993</u>	<u>10,646,594</u>	<u>(19,601)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>671,463</u>	<u>669,760</u>	<u>(1,703)</u>	<u>(522,494)</u>	<u>(504,729)</u>	<u>(17,765)</u>
OTHER FINANCING SOURCES (Uses)						
Sale of fixed assets	1,500	1,500		1,073	1,073	
Compensation for loss of assets				522	522	
Proceeds from capital lease				200,002	203,012	3,010
Proceeds from certificate of indebtedness					1,200,000	1,200,000
Operating transfers in				2,366,984	2,366,984	
Operating transfers out	<u>(157,600)</u>	<u>(157,600)</u>		<u>(2,234,384)</u>	<u>(2,234,384)</u>	
Total other financing sources (uses)	<u>(156,100)</u>	<u>(156,100)</u>	<u>NONE</u>	<u>334,197</u>	<u>1,537,207</u>	<u>1,203,010</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>515,363</u>	<u>513,660</u>	<u>(1,703)</u>	<u>(188,297)</u>	<u>1,032,478</u>	<u>1,220,775</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>1,695,751</u>	<u>1,695,751</u>	<u>NONE</u>	<u>1,639,130</u>	<u>1,639,130</u>
FUND (Deficit) BALANCES AT END OF YEAR	<u>\$515,363</u>	<u>\$2,209,411</u>	<u>\$1,694,048</u>	<u>(\$188,297)</u>	<u>\$2,671,608</u>	<u>\$2,859,905</u>

(Concluded)

The accompanying notes are an integral part of this statement.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
PROPRIETARY FUND TYPE -
SEWER ENTERPRISE FUND

Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended December 31, 1996

OPERATING REVENUES	
Charges for services	<u>\$32,714</u>
OPERATING EXPENSES	
General and administrative	26,300
Official fees	1,530
Professional fees	1,606
Materials, supplies, and repairs	18,708
Utilities and communications	<u>4,905</u>
Total operating expenses	<u>53,049</u>
OPERATING INCOME (Loss)	<u>(20,335)</u>
OPERATING TRANSFERS IN	
Operating transfers in	<u>25,000</u>
NET INCOME	4,665
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>NONE</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$4,665</u></u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
PROPRIETARY FUND TYPE -
SEWER ENTERPRISE FUND

Schedule of Cash Flows
For the Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	<u>\$4,665</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Increase in accounts receivable	(3,936)
Increase in customer deposits	<u>30</u>
Total adjustments	<u>(3,906)</u>
Net cash provided by operating activities	<u>759</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(506)</u>
Net cash used by capital and related financing activities	<u>(506)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	253
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>NONE</u>
CASH AT END OF YEAR	<u><u>\$253</u></u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DeSoto Parish Police Jury is the governing authority for DeSoto Parish and is a political subdivision of the State of Louisiana. The police jury is governed by eleven jurors representing the various districts within the parish. The jurors serve four-year terms which expire in January 2000.

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

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) 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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the DeSoto 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:

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

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

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

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
DeSoto Parish:		
Library	December 31	1, 2, and 3
Airport	December 31	1, 2, and 3
Community Services	December 31	1, 2, and 3
Tourism Commission	December 31	1, 2, and 3
Tax Assessor	December 31	2 and 3
Sheriff	June 30	2 and 3
Clerk of Court	June 30	2 and 3
Fire Districts:		
No. 1	December 31	1 and 3
No. 2	December 31	1 and 3
No. 3	December 31	1 and 3
No. 5	December 31	1 and 3
No. 8	December 31	1 and 3
No. 9	December 31	1 and 3
Eleventh Judicial District		
Criminal Court (DeSoto Parish)	December 31	2 and 3
East DeSoto Ambulance District	December 31	1 and 3
Eastside Sewer District	December 31	1 and 3

The police jury has chosen to issue financial statements of the primary government (police jury) only; therefore, none of the previously listed component units, except as

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

discussed in the following paragraph, are included in the accompanying primary government financial statements.

These primary government (police jury) financial statements include all funds, account groups, and organizations for which the police jury maintains the accounting records. The organizations for which the police jury maintains the accounting records are considered part of the primary government (police jury) and include the DeSoto Parish Library, the DeSoto Parish Airport, the DeSoto Parish Community Services, Eastside Sewer District and the Eleventh Judicial District Criminal Court.

GASB Codification Section 2600.127 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (police jury) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (police jury).

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

B. FUND ACCOUNTING

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

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

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

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

Governmental Funds:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or by grant agreement, to expenditures for specified purposes such as road maintenance, solid waste disposal, rental housing for very low income families, public library operation, etc.

LCDBG Capital Projects Fund

The Louisiana Community Development Block Grant Fund accounts for the construction and acquisition of a major capital project. Financing is provided by a grant from the United States Department of Housing and Urban Development through the Louisiana Division of Administration.

Proprietary Fund - Eastside Sewer Enterprise Fund

The Sewer Enterprise Fund accounts for the operations of the police jury's sewer system. Financing is provided by user fees and transfers from the General Fund.

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

**C. GENERAL FIXED ASSETS AND
LONG-TERM OBLIGATIONS**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and estimated cost where no historical records are available. Approximately 89 per cent of the police jury's general fixed assets are valued at estimated cost, based on the actual historical cost of like items. Approximately 34 per cent of the library's fixed assets are valued at actual cost while the remaining 66 per cent (books and periodicals) are valued using a moving-average basis. No depreciation has been provided on general fixed assets.

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. Public domain (infrastructure) general fixed assets consisting of roads, bridges, drainage, parking lots, etc. are not capitalized, as these assets are immovable and of value only to the police jury.

Long-term obligations, such as capital leases, are recognized as a liability of a governmental fund only when due. For other long-term obligations, such as compensated absences, only that portion expected to be financed from expendable, available financial resources is reported as a liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types and the fiduciary fund type agency fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

thereafter to be used to pay liabilities of the current period. The police jury uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

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

Sales taxes are recognized in the month received by the police jury's sales tax collection agent.

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

Fines, forfeitures, and court costs are recognized in the year they are received by the parish tax collector.

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

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

Based on the above criteria, ad valorem taxes, federal and state grants, and fines, forfeitures, and court costs have been treated as susceptible to accrual.

Expenditures

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

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

principal and interest on general long-term obligations, which are recognized when due, and compensated absences, which are recognized when paid.

Other Financing Sources (Uses)

Sale of fixed assets, compensation for loss of assets, proceeds from capital lease and certificates of indebtedness, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

Proprietary Fund Type - Enterprise Fund

The Eastside Sewer Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

E. BUDGET PRACTICES

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

During the year, the finance committee receives monthly budgetary comparison statements, which are used as a management tool to control operations of the parish. The secretary/treasurer presents necessary budget amendments to the police jury during the year when, in her judgement, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the police jury reviews the proposed amendments, makes changes as it deems necessary, and formally adopts the amendments. The adoption of the amendments is included in police jury minutes

DESOTO PARISH POLICE JURY
 Mansfield, Louisiana
 Notes to the Financial Statements (Continued)

published in the official journal. The police jury exercises budgetary control at the functional level. Within function levels, the secretary/treasurer has the discretion to make amendments as she deems necessary for proper control. The police jury does not utilize encumbrance accounting; however, the original budgets and any subsequent amendments are incorporated into the accounting system. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. For the year ended December 31, 1996, the police jury adopted modified accrual based budgets for the General Fund and all special revenue funds.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments.

F. CASH AND CASH EQUIVALENTS

Under state law, the police jury may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1996, the police jury has cash and cash equivalents (book balances) totaling \$3,309,724 as follows:

Demand deposits	\$571,182
Time deposits	<u>2,738,542</u>
Total	<u><u>\$3,309,724</u></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, 1996, are secured as follows:

Bank Balances	<u>\$3,675,092</u>
Federal deposit insurance	\$200,000
Pledged securities (uncollateralized)	<u>2,981,711</u>
Total	<u><u>\$3,181,711</u></u>

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the police jury, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the police jury's name.

For purposes of the statement of cash flows, the sewer enterprise fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

G. VACATION AND SICK LEAVE

The following provides detail on vacation and sick leave policies of the police jury, library, and criminal court:

Employees of the police jury and criminal court earn from 10 to 20 days of vacation leave each year, depending on length of service. All unused vacation leave may be carried forward to succeeding years. Upon separation of employment, employees are paid for any accumulated vacation leave. Employees earn 12 days of sick leave each year. A maximum of 90 days of sick leave may be accumulated and carried forward. Upon retirement, all accumulated sick leave is used in the retirement benefit computation as earned service.

Employees of the DeSoto Parish Library earn 8 to 22 days of vacation leave each year, depending upon professional status and length of service. Employees may accumulate and carry forward a maximum of one year's vacation leave. Upon separation of employment, employees are paid for any accumulated leave. The library's sick leave policy is the same as that of the police jury, except that no more than 60 days may be accumulated and carried forward.

At December 31, 1996, employees have accumulated and vested \$84,942 of employee leave benefits, computed in accordance with GASB Codification Section C60. The liability is recorded within the general long-term obligations account group.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current-year expenditure within the governmental funds when leave is actually taken or when employees are paid for accrued sick leave upon retirement, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

II. SALES TAXES

DeSoto Parish has a one per cent sales and use tax approved by the voters on May 16, 1981, for an indefinite period. The tax, after all necessary costs for collection and administration, is dedicated to constructing, acquiring, extending, improving, and maintaining the parish library (25 per cent), parish roads (50 per cent), parish jail facilities (10 per cent), and solid waste collection and disposal facilities (15 per cent).

I. HOTEL-MOTEL TAX

The DeSoto Parish Police Jury, by Ordinance No. 2, dated June 13, 1984, levied a 2 per cent tax upon the occupancy of hotel and motel rooms and overnight camping facilities within the parish. The tax, after collection costs not to exceed 6 per cent, is restricted for purposes of attracting conventions and tourists to the parish.

J. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 1996:

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide taxes:			
General Fund	4.00	3.66	Indefinite
Road Maintenance	5.00	5.00	2003
E -911	1.00	1.00	1998
1996 Landfill	5.00	5.00	2005

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

The following are the principal taxpayers for the parish and their 1996 assessed valuation (amounts expressed in thousands):

	<u>1996 Assessed Valuation</u>	<u>Per cent of Total Assessed Valuation</u>
International Paper	\$33,579	35.43 %
Central La Electric Company	5,268	5.56 %
Dolet Hills Mining Venture	4,440	4.69 %
Southwestern Electric Power	3,561	3.76 %
South Central Bell	1,958	2.07 %
Southern Natural Gas Company	1,828	1.93 %
Louisiana Pacific	1,453	1.53 %
J-W Operating Co.	1,142	1.21 %
San Saba Pecan	1,208	1.27 %
Comstock Oil & Gas	873	0.92 %
Total	<u>\$55,310</u>	<u>58.37 %</u>

3. RECEIVABLES

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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

	General Fund	Special Revenue Funds	LCDBG Capital Projects Fund	Eastside Sewer Enterprise Fund	Total
Taxes:					
Ad valorem	\$322,656	\$969,730			\$1,292,386
Sales		37,976			37,976
Grants:					
Federal	23,416	95,443	\$15,429		134,288
State	175,123	147,793			322,916
Fees, charges, and commissions	5,150	62,095		\$3,936	71,181
Other	8,093	8,229			16,322
Total	<u>\$534,438</u>	<u>\$1,321,266</u>	<u>\$15,429</u>	<u>\$3,936</u>	<u>\$1,875,069</u>

4. CHANGES IN GENERAL FIXED ASSETS

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

	Balance January 1	Adjustments	Additions	Deletions	Balance December 31
Police Jury:					
Land	\$1,752,086	(\$10,175)		(\$17,900)	\$1,724,011
Buildings and improvements	9,020,519	(\$566,512)			8,454,007
Improvements other than buildings			\$289,639		289,639
Furniture and equipment	3,312,913		203,260	(31,976)	3,484,197
Fixed assets under capital lease	968,733		203,012		1,171,745
Construction in progress - International Paper Project	NONE		249,456		249,456
Construction in progress - CDBG	NONE	16,985	277,890	(289,639)	5,236
Sub-total	<u>15,054,251</u>	<u>(\$559,702)</u>	<u>1,223,257</u>	<u>(339,515)</u>	<u>15,378,291</u>
Library:					
Land	15,500		10,000		25,500
Buildings and improvements	257,281		10,000		267,281
Equipment and furniture	327,239				327,239
Books and reference materials	1,400,576		91,254	(292,701)	1,199,129
Sub-total	<u>2,000,596</u>	<u>NONE</u>	<u>111,254</u>	<u>(292,701)</u>	<u>1,819,149</u>
Total	<u>\$17,054,847</u>	<u>(\$559,702)</u>	<u>\$1,334,511</u>	<u>(\$632,216)</u>	<u>\$17,197,440</u>

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

Adjustments to the beginning balance of land and building and improvements are for amounts included for assets belonging to the Eastside Sewer District and to include prior year construction in progress for the CDBG fund not previously reported. For the year ended December 31, 1996, additions in improvements other than buildings have been adjusted to include \$289,639, which has been reclassified from construction in progress. Additions for furniture and equipment includes \$2,554 which is the value of a generator donated to the police jury.

The Eastside Sewer District has not maintained depreciation accounts on its fixed assets. The accompanying financial statements do not include depreciation expense or accumulated depreciation for those fixed assets. Consequently, fixed assets of the enterprise fund, shown on the balance sheet are overstated by the amount of accumulated depreciation as of December 31, 1996 and expenditures shown on the statement of revenues, expenses, and changes in retained earnings are understated by the amount of depreciation expense applicable to 1996.

5. PENSION PLAN

Substantially all employees of the DeSoto Parish Police Jury 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 asset and benefit provisions. All employees of the police jury are members of Plan B.

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 B employees who retire at or after age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to two per cent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced three per cent for each year retirement precedes age 62, unless he has 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan B, members are required by state statute to contribute 2.00 per cent of their annual covered salary in excess of \$1,200 and the DeSoto Parish Police Jury is required to contribute at an actuarially determined rate. The current rate is 1.00 per cent of annual covered payroll. Contributions to the system include one-fourth of one per cent (one per cent for 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 DeSoto Parish Police Jury are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The DeSoto Parish Police Jury's contributions to the System under Plan B for the years ending December 31, 1996, 1995, 1994, were \$15,217, \$14,031, and \$20,675, respectively, equal to the required contributions for each year.

6. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The DeSoto Parish Police Jury provides certain continuing health care insurance benefits for its retired employees. Substantially all of the police jury's employees become eligible for these benefits if they reach normal retirement age while working for the police jury. These benefits for retirees are provided through an insurance company whose monthly premiums are paid by the police jury. The police jury's cost of providing retiree health care insurance benefits are recognized as expenditures when the monthly premiums are paid, which was \$13,273 for 1996.

7. CAPITAL LEASES

The police jury records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 1996, the police jury has ten capital leases in effect for equipment. The leases had an original recorded amount of \$864,905. Lease obligations are retired from the Road and Solid Waste Special Revenue Funds. The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of December 31, 1996:

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

<u>Year</u>	
1997	161,646
1998	136,960
1999	106,310
2000	63,689
2001	<u>13,926</u>
Total minimum lease payments	482,531
Less amount representing interest	<u>(44,855)</u>
Present value of net minimum lease payments	<u>\$437,676</u>

8. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended December 31, 1996:

	<u>Certificate of Indebtedness</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations at January 1, 1996	NONE	\$394,498	\$80,016	\$474,514
Additions	\$1,200,000	203,012	53,034	1,456,046
Deductions	<u>NONE</u>	<u>(159,834)</u>	<u>(48,108)</u>	<u>(207,942)</u>
Long-term obligations at December 31, 1996	<u>\$1,200,000</u>	<u>\$437,676</u>	<u>\$84,942</u>	<u>\$1,722,618</u>

Bonded debt at December 31, 1996, is comprised of the following individual issue:

Certificates of Indebtedness - \$1,200,000 issue of December 23, 1996, for the purpose of constructing a landfill cell in DeSoto Parish. The principal is due in annual installments of \$285,000 to \$315,000 through March 1, 2000 with interest at 5.00 to 5.75 per cent per annum. Debt retirement payments are made from the Solid Waste Fund.

\$1,200,000

The annual requirements to amortize all bonded debt outstanding at December 31, 1996, including interest of \$114,498, are as follows:

DESOTO PARISH POLICE JURY
 Mansfield, Louisiana
 Notes to the Financial Statements (Continued)

Year:	
1997	\$336,985
1998	327,094
1999	326,363
2000	324,056
Total	<u>\$1,314,498</u>

9. POLLUTION CONTROL REVENUE BONDS

The following is a summary of long-term bond transactions entered into by the DeSoto Parish Police Jury and outstanding at December 31, 1996:

Pollution control revenue bonds totaling \$28,735,000 were issued November 30, 1979. Under an agreement entered into between the DeSoto Parish Police Jury and International Paper Company, Incorporated, the bonds do not bear the full faith and credit of the police jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of International Paper Company, Incorporated.

Pollution control revenue refunding bonds totaling \$50,110,000 were issued May 1, 1991. Under an agreement entered into between the DeSoto Parish Police Jury and Central Louisiana Electric Company, Incorporated, the bonds do not bear the full faith and credit of the police jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of Central Louisiana Electric Company, Incorporated.

Pollution control revenue refunding bonds totaling \$53,500,000 were issued July 1, 1991. Under an agreement entered into between the DeSoto Parish Police Jury and Southwestern Electric Power Company, the bonds do not bear the full faith and credit of the police jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of Southwestern Electric Power Company.

10. CRIMINAL COURT FUND

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the criminal court fund at year end be transferred to the parish General Fund. The following details the amount due at December 31, 1996:

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

Balance due at January 1, 1996	\$33,401
Amount due	45,812
Amount remitted	<u>(33,401)</u>
Balance due at December 31, 1996	<u>\$45,812</u>

11. DUE FROM/TO OTHER FUNDS

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$124,825	
Special revenue funds:		
Road	20,526	
Library	10,263	
Jail	4,105	
Solid Waste	6,157	
Criminal court		\$45,812
Sales tax		41,051
Rental assistance		4,013
Community services		<u>75,000</u>
Total	<u>\$165,876</u>	<u>\$165,876</u>

12. LITIGATION AND CLAIMS

At December 31, 1996, the police jury is involved in several lawsuits, which are adequately covered by the jury's liability insurance.

13. JOB TRAINING PARTNERSHIP ACT PROGRAM

The DeSoto Parish Police Jury participates in the Job Training Partnership Act (JTPA) Program funded through the Louisiana Department of Labor by the United States Department of Labor. The jury is a member of the Seventh Planning District which is comprised of 10 parishes. On August 16, 1983,

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

Notes to the Financial Statements (Continued)

the members of the Seventh Planning District, consisting of the Parishes of Bienville, Bossier, Caddo, Claiborne, DeSoto, Lincoln, Natchitoches, Red River, Sabine, and Webster and the Seventh Planning District Service Delivery Area (SDA) Private Industry Council, entered into an agreement. This agreement designated the president of the DeSoto Parish Police Jury as the chief elected official of the SDA and the DeSoto Parish Police Jury as the JTPA grant recipient. This agreement names the Coordinating and Development Corporation (CDC) as the administrative entity.

The SDA is comprised of three elements:

1. Private Industry Council (PIC) - which consists of 15 members representing a cross-section of the SDA population. The PIC is responsible for providing guidance for program development and for monitoring the operations of the administrative entity.
2. Designated Chief Elected Official - this is a police jury president elected by his peers from the Seventh Planning District. His responsibilities are the same as the PIC.
3. Administrative Entity - the organization selected by the PIC to administer the program. All actions by the administrative entity must be approved by the PIC and the designated chief elected official.

In August 1983, the designated chief elected official notified the Assistant Secretary of Labor, State of Louisiana, that the CDC was designated as the administrative entity for the SDA and that all funds and copies of correspondence should be sent to the CDC. This notification also stated that all bookkeeping and program documents would be maintained by the CDC. Further, in September, 1983, the DeSoto Parish Police Jury appointed the Executive Vice-President of the Coordinating and Development Cooperation as the contracting officer for the JTPA program to act on behalf of the police jury. Since that date, the contracting officer has signed all documents on behalf of the grant recipient.

The DeSoto Parish Police Jury is the designated grant recipient and (1) has accepted full responsibility for funds expended under the grant, (2) has assured the Louisiana Department of Labor that all funds provided will be expended according to limitations set forth in the Job Training Partnership Act, federal and state regulations, and the approved job training plan, and (3) that it will reimburse the Louisiana Department of Labor for any questioned costs which are ultimately disallowed by the United States Department of Labor.

Funds are provided by the Louisiana Department of Labor through a letter of credit arrangement into a bank account in the name of the CDC which operates the day-to-day activities of the program. This arrangement was authorized in September, 1983, by the designated chief elected official.

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

14. FOOD STAMP PROGRAM

The food stamp program is operated through the police jury under an agreement with the Louisiana Department of Health and Human Resources. Under this program, the police jury is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. Activity for the year ended December 31, 1996, follows:

Balance at January 1, 1996	\$1,285,504
Received	4,861,000
Issued	<u>(4,760,741)</u>
Balance at December 31, 1996	<u>\$1,385,763</u>

15. FOOD DISTRIBUTION PROGRAM

The Food Distribution Program is operated by the police jury under an agreement with the Louisiana Department of Agriculture. Under this program, the police jury is responsible for the issuance of federally donated commodity foods to individuals in need of food assistance. The police jury issues commodity foods the same day they are received and does not maintain any balances on hand. The value of federally donated commodity foods received and issued is not recorded in the accompanying financial statements. During the year ended December 31, 1996, commodity foods valued at \$15,734, were received and issued by the police jury.

16. COMMITMENTS UNDER CONTRACT

During 1996, the police jury entered into a construction contract with Addicks Services, Inc. to construct a putrescible waste disposal cell. The total amount of the contract is \$349,194. No expenditures were incurred during the year ended December 31, 1996. The commitment is not recorded in the financial statements.

17. RESTATEMENT OF FUND BALANCES

The December 31, 1995 fund balances of the General Fund and the Road, Library, and Solid Waste Special Revenue Funds have been restated for compensated absences reported as both salaries payable and compensated absences payable. The following reconciles fund balances as previously reported to beginning fund balances as presented on Statement B:

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund Balances as previously reported	\$1,669,477	\$1,585,388
Correction of compensated absences	<u>26,274</u>	<u>53,742</u>
Fund balances at January 1, 1996, restated	<u>\$1,695,751</u>	<u>\$1,639,130</u>

SUPPLEMENTAL INFORMATION SCHEDULES

DESOTO PARISH POLICE JURY
Mansfield , Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1996

SPECIAL REVENUE FUNDS

ROAD FUND

The Road Fund accounts for the maintenance of parish highways, streets, and bridges. Financing is provided by the State of Louisiana Parish Transportation Fund, ad valorem taxes, sales taxes, and state revenue sharing funds.

LIBRARY FUND

The Library Fund accounts for the purchase of library materials, books, magazines, records, and films and maintenance and operation of library facilities. Financing is provided by sales taxes and miscellaneous revenues from the sale of materials, et cetera.

JAIL FUND

The Jail Fund accounts for the construction, improvement, and maintenance of parish jail facilities. Financing is provided by sales taxes.

SOLID WASTE FUND

The Solid Waste Fund accounts for the construction and operation of the parish solid waste collection and disposal facilities. Financing is provided by both an ad valorem and a sales and use tax.

CRIMINAL COURT FUND

The Eleventh Judicial District Criminal Court Fund is established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by the district courts and district attorney conviction fees in criminal cases be transferred to the parish treasurer and deposited into a special account, to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judge. The statute also requires that one-half of the fund balance remaining in the Criminal Court Fund at December 31 of each year be transferred to the parish General Fund.

AIRPORT FUND

The Airport Fund accounts for the operation and maintenance of a parish airport facility. Financing is provided by grants from local governments, fees, and interest earned on investments.

SALES TAX FUND

The Sales Tax Fund accounts for the collection of the one per cent sales and use tax. Expenditures of the fund are limited by the tax proposition to expenses necessary and reasonable for the collection and administration of the sales tax program. After necessary expenses, all remaining funds are transferred to the Road, Library, Jail, and Solid Waste Funds in accordance with percentages contained in the tax proposition.

COMMUNICATION DISTRICT FUND

The Communication District Fund accounts for the establishment, maintenance, and operation of the 911 emergency telephone system for DeSoto Parish. Financing is provided by a 5 per cent service charge on local telephone service within the parish.

FEDERAL FUNDS

RENTAL ASSISTANCE FUND

The Rental Assistance Fund provides for expanding opportunities for rental assistance to lower income families. Financing is provided by grants from the United States Department of Housing and Urban Development.

COMMUNITY SERVICES FUND

The Community Services Fund accounts for the distribution of surplus food commodities provided by the United States Department of Agriculture, in addition to cash grants in lieu of commodities. The objectives of the program are to improve the diets of the elderly and other individuals in need of food assistance and to increase the market for domestically produced foods acquired under surplus removal or price support operations.

The fund also accounts for community services block grants provided by the United States Department of Health and Human Services. The major objective of the block grant program is to provide for services and activities having a measurable and potential impact on causes of poverty.

Assistance is provided in the areas of employment, education, better use of income, adequate housing and environment, and assistance for emergency needs.

JOB TRAINING PARTNERSHIP ACT FUND

The Job Training Partnership Act (JTPA) Fund accounts for grants from the United States Department of Labor through the Louisiana Department of Labor. Grants are subsequently transferred to the Coordinating and Development Corporation, which administers the program under contract with the police jury. The JTPA program provides job training and related assistance to economically disadvantaged individuals. The ultimate goal of the program is to move trainees into permanent, self-sustaining employment.

DESOTO PARISH POLICE JURY
 Mansfield, Louisiana
 SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 1996

	ROAD	LIBRARY	JAIL	SOLID WASTE	CRIMINAL COURT	AIRPORT	SALES TAX	COMM. DISTRICT	RENTAL ASSISTANCE	COMM. SERVICES	TOTAL
ASSETS											
Cash and cash equivalents	\$55,270	\$310,447	\$722	\$874,499	\$62,086	\$74	\$3,000	\$235,908	\$183,249	\$798	\$1,726,053
Receivables	588,088	1,115	1,562	469,688	29,538	308	38,051	97,473		95,443	1,321,266
Due from other funds	20,526	10,263	4,105	6,157							41,051
Prepaid expenses	3,831			2,906							6,737
TOTAL ASSETS	<u>\$667,715</u>	<u>\$321,825</u>	<u>\$6,389</u>	<u>\$1,353,250</u>	<u>\$91,624</u>	<u>\$382</u>	<u>\$41,051</u>	<u>\$333,381</u>	<u>\$183,249</u>	<u>\$96,241</u>	<u>\$3,095,107</u>

LIABILITIES AND FUND EQUITY

Liabilities:											
Accounts payable	\$30,651	\$782	\$12,383	\$24,102	\$6,035	\$694	\$41,051	\$3,408	\$18,640	\$332	\$97,027
Due to other funds				45,812					4,013	75,000	165,876
Deferred revenues									160,596		160,596
Total Liabilities	<u>30,651</u>	<u>782</u>	<u>12,383</u>	<u>24,102</u>	<u>51,847</u>	<u>694</u>	<u>41,051</u>	<u>3,408</u>	<u>183,249</u>	<u>75,332</u>	<u>423,499</u>
Fund Equity - fund balances (Deficit) - unreserved - undesignated	637,064	321,043	(5,994)	1,329,148	39,777	(312)	NONE	329,973	NONE	20,909	2,671,608
TOTAL LIABILITIES AND FUND EQUITY	<u>\$667,715</u>	<u>\$321,825</u>	<u>\$6,389</u>	<u>\$1,353,250</u>	<u>\$91,624</u>	<u>\$382</u>	<u>\$41,051</u>	<u>\$333,381</u>	<u>\$183,249</u>	<u>\$96,241</u>	<u>\$3,095,107</u>

DESOTO PARISH POLICE JURY
Mansfield, Louisiana
SPECIAL REVENUE FUNDS

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

	ROAD	LIBRARY	JAIL	SOLID WASTE	CRIMINAL COURI	AIRPORT	SALES TAX	COMM. DISTRICT	RENTAL ASSISTANCE	COMM. SERVICES	JTPA	TOTAL
REVENUES												
Taxes:												
Ad valorem	\$481,131			\$473,838				\$87,533				\$1,042,502
Sales and use							\$2,299,739					2,299,739
Intergovernmental revenues:												
Federal grants - federal grants									\$547,620	\$250,354	\$4,371,181	5,169,155
State funds:												
Parish transportation funds	362,935											362,935
Severance tax	230,000											230,000
State revenue sharing (net)	34,296			492								34,296
Other state funds	397,649	\$5,000										403,141
Fees, charges, and commissions			\$17,054	182,689	\$225,321	\$6,700		111,153				317,596
Fines and forfeitures		11,326										236,647
Use of money and property	8,491	19,159		2,344	1,277	1,642	1,482	8,386	3,073			45,854
Total revenues	<u>1,514,502</u>	<u>35,485</u>	<u>17,054</u>	<u>659,363</u>	<u>226,598</u>	<u>8,342</u>	<u>2,301,221</u>	<u>207,072</u>	<u>550,693</u>	<u>250,354</u>	<u>4,371,181</u>	<u>10,141,865</u>
EXPENDITURES												
Current:												
General government:												
Judicial					217,515							217,515
Financial and administrative							45,649					45,649
Public safety			429,217					169,266				598,483
Public works	2,643,871			828,981								3,472,852
Health and welfare									550,693	243,644	4,371,181	5,165,518
Culture and recreation												421,689
Transportation						21,640						21,640
Debt service	130,318			55,416								185,734
Capital outlay	313,981	111,254	2,878	57,246	2,707			2,700		5,560		496,326
Intergovernmental												21,188
Total expenditures	<u>3,988,170</u>	<u>532,043</u>	<u>432,095</u>	<u>941,643</u>	<u>229,222</u>	<u>21,640</u>	<u>60,837</u>	<u>171,966</u>	<u>550,693</u>	<u>249,214</u>	<u>4,371,181</u>	<u>10,646,504</u>

EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(1,573,668)	(497,458)	(415,041)	(282,280)	6,376	(13,298)	2,234,384	35,106	NONE	1,150	NONE	(504,729)
OTHER FINANCING SOURCES (Uses)												
Sale of fixed assets	220	853										1,073
Compensation for property damage		522										522
Proceeds from capital lease	203,012											203,012
Proceeds from certificates of indebtedness				1,200,000								1,200,000
Operating transfer in	1,117,192	558,596	349,438	335,158		6,600						2,366,984
Operating transfer out							(2,234,384)					(2,234,384)
Total other financing sources (uses)	1,320,424	559,971	349,438	1,535,158	NONE	6,600	(2,234,384)	NONE	NONE	NONE	NONE	1,537,207
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(253,244)	62,513	(65,603)	1,252,878	6,376	(6,698)	NONE	35,106	NONE	1,150	NONE	1,032,478
FUND BALANCES AT BEGINNING OF YEAR	890,308	258,530	59,609	76,270	33,401	6,386	NONE	294,867	NONE	19,759	NONE	1,639,130
FUND BALANCES (Deficit) AT END OF YEAR	\$637,064	\$321,043	(\$5,994)	\$1,329,148	\$39,777	(\$312)	NONE	\$329,973	NONE	\$20,909	NONE	\$2,671,608

DESOTO PARISH POLICE JURY
Mansfield , Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1996

COMPENSATION PAID POLICE JURORS

The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the police jury has elected the monthly payment method of compensation. Under this method, the president receives \$700 per month and the other jurors receive \$600 per month.

DESOTO PARISH POLICE JURY
Mansfield, LouisianaSchedule of Compensation Paid Police Jurors
As of and For the Year Ended December 31, 1996

L. W. Bagley	\$7,200
L. C. Blunt, Jr.	7,200
Marlin Caston	7,200
Huey P. Evans	7,200
Tommie Lee Fuller	7,200
R. U. Johnson	7,200
S. Mayweather	7,200
A. W. McDonald, President	8,400
B. Dewayne Mitchell	7,200
John K. Rambin	7,200
Persley White, Jr.	<u>7,200</u>
Total	<u>\$80,400</u>

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

The following independent auditor's reports on the schedule of federal financial assistance, compliance with laws, regulations, 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; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; the *Single Audit Act of 1984*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated October 21, 1997. These primary government financial statements are the responsibility of the police jury's management. My responsibility is to express an opinion on these primary government financial statements based on my audit.

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

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



West Monroe, Louisiana
October 21, 1997

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DESOTO PARISH POLICE JURY
Mansfield, Louisiana

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME	CFDA NUMBER	GRANT NUMBER	(DEFERRED) ACCRUED REVENUE AT DECEMBER 31, 1995	REVENUE RECOGNIZED	ISSUES/ EXPENDITURES	(DEFERRED) ACCRUED REVENUE AT DECEMBER 31, 1996
United States Department of Agriculture						
Passed through Louisiana Department of Social Services:						
Commodities	10.550	NONE	NONE	\$15,734	\$15,734	NONE
Food Stamps	10.551 *	22-031-01	(\$1,285,504)	4,861,000	4,760,741	(\$1,385,763) #
Administrative costs - Food Stamp program	10.561	22-031-01	7,865	48,195	48,195	8,018
Administrative costs - Commodities	10.568	NONE	NONE	7,376	7,376	NONE
Total United States Department of Agriculture			<u>(1,277,639)</u>	<u>4,932,305</u>	<u>4,832,046</u>	<u>(1,377,745)</u>
United States Department of Energy						
Passed through Louisiana Department of Social Services - Weatherization Assistance for Low-Income Persons	81.042	370-4116	12,225	16,816	16,816	10,314
United States Department of Health and Human Services						
Passed through Louisiana Department of Social Services: Title XIX	13.714	NONE	NONE	3,939	3,939	NONE
Low-Income Energy Assistance Program	13.789	370-7573	NONE	131,878	131,878	76,531
Passed through Louisiana Department of Labor - Community Services Block Grant	13.792	96P0080	9,599	72,078	72,078	3,294
Total United States Department of Health and Human Services			<u>9,599</u>	<u>207,895</u>	<u>207,895</u>	<u>79,825</u>
United States Department of Housing and Urban Development						
Direct program - Lower-Income Housing Assistance Program - Certificates	14.156	LA48E23001	(13,459)	273,003	273,003	(80,298)
Direct Program - Lower-Income Housing Assistance Program - Vouchers	14.177	LA230V00007	NONE	274,617	274,617	(80,298)

Passed through Office of the Governor.					
Division of Administration - Community Development Block Grant (Small Cities):					
Grant No. 101-6008	101-6008	NONE	272,654	272,654	NONE
Grant No. 101-700062	101-700062	NONE	5,236	5,236	15,429
Passed through Office of Housing and Urban Development - Emergency Shelter Grants Program	3703707378	NONE	5,795	5,795	NONE
Total United States Department of Housing and Urban Development		(13,459)	831,305	831,305	(145,167)
United States Department of Labor					
Passed through Louisiana Department of Labor - Jobs Training Partnership Act	NONE	NONE	4,371,181	4,371,181	NONE
United States Department of Justice					
Discretionary Drug and Criminal Justice Assistance Program - Church Arson	96-DS-BX-0533	NONE	4,600	4,600	NONE
Federal Emergency Management Agency					
Administrative costs - Civil Defense	NONE	5,988	12,265	12,265	3,603
Direct program - Emergency Food and Shelter	NONE	NONE	12,471	12,471	5,304
Total Federal Emergency Management Agency		5,988	24,736	24,736	8,907
United States Department of Transportation					
Passed through Louisiana Department of Transportation and Development - Public Transportation for Non-Urbanized Areas	LA-18-X013	NONE	56,466	56,466	11,795
Total Federal Financial Assistance		(\$1,263,286)	\$10,445,304	\$10,345,045	(\$1,412,071)
* Major federal financial assistance program					

Food stamp inventory at December 31

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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated October 21, 1997.

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

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

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

DESOTO PARISH POLICE JURY

Mansfield, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

Violation of Parish Transportation Act

Finding: Weekly work schedules are not being prepared by the parish road superintendent. The Parish Transportation Act, Louisiana Revised Statute (LRS) 48:755, requires that the parish road superintendent establish and administer a parish wide selective maintenance program that includes scheduling of maintenance work, by category, to be performed on a weekly basis. By not preparing these schedules the DeSoto Parish Police Jury has failed to properly administer its selective maintenance program, as required by the Act.

Recommendation: I recommend that the DeSoto Parish Police Jury comply with the provisions of the Parish Transportation Act by requiring that the parish road superintendent prepare and follow a weekly work schedule.

Management's Response: The public works director has been using work orders as his schedule but will prepare and follow a weekly work schedule for maintenance work. He meets with the four foremen each Friday to go over work for the following week.

Violation of Audit Requirement

Finding: The police jury did not have its audit completed in a timely manner. Louisiana Revised Statute 24:513 (A)(5)(a) requires that the audit be completed within six months of the close of the police jury's fiscal year. Because information had to be gathered from various departments/component units and not all submitted their information to the accounting department in a timely manner, the police jury was unable to close the books and provide financial records to the auditor in time for the audit to be completed within the prescribed time period.

Recommendation: In the future, the police jury should ensure that necessary records are available in sufficient time to ensure that its audit is completed within the time period prescribed by state law.

Management's Response: We have contacted the various departments and agencies and they have assured us that the necessary records will be provided in sufficient time to ensure that the audit can be completed within the time period prescribed by state law.

DESOTO PARISH POLICE JURY

Mansfield, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

**Need to Maintain Records of
Fixed Assets**

Finding: The police jury has not maintained complete records of the jury's fixed assets for the Eastside Sewer District. LRS 24:515(B)(1) requires that the police jury maintain records of all land, buildings, improvements, furniture, and equipment purchased by the police jury. The records must include information as to the date of purchase, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the disposed property. In addition to the above listed information an estimated life must be provided on each asset so that depreciation expense can be calculated and shown in the financial statements. The police jury is able to provide a total for sewer lines, pumps, valves, etc. owned by the sewer district however, they are unable to give individual amounts. The assets of the sewer district were constructed or purchased with grant funds received specifically for this purpose. The jury recorded the total amount of the grant on its general fixed asset listing as Eastside Sewer District. Without the segregation of individual assets it is impossible to determine if all assets are on the list. In addition, depreciation expense can not be calculated for financial reporting purposes.

Recommendation: I recommend that the police jury determine individual values for all assets owned by the sewer district. This can be accomplished by going to the grant files and determining how much was spent on sewer lines, plant, etc. If exact amounts can not be determined an estimate should be made. The list should contain a notation on all assets denoting whether the information is actual or estimated. Fixed asset records should be updated for all future purchases when the purchase is made.

Management's Response: We have obtained the original grant documents showing separate amounts for each component of fixed assets. Utilizing those documents, accumulated depreciation will be established through December 31, 1996. For 1997 and future years, annual depreciation will be calculated and provided for preparation of the financial statements.

I considered this instance of noncompliance in forming my opinion on whether the police jury's 1996 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 October 21, 1997, on those primary government financial statements.

DESOTO PARISH POLICE JURY

Mansfield, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1996

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

A handwritten signature in black ink, appearing to be 'James R. H.', written in a cursive style.

West Monroe, Louisiana
October 21, 1997



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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated October 21, 1997.

I have also audited the DeSoto Parish Police Jury's compliance with the requirements governing reporting, monitoring subrecipients, security over food stamps, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of the DeSoto Parish Police Jury is responsible for the DeSoto Parish Police Jury's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

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

In my opinion, the DeSoto Parish Police Jury complied, in all material respects, with the requirements governing reporting, monitoring subrecipients, security over food stamps, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to its major federal financial assistance programs for the year ended December 31, 1996.

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

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

A handwritten signature in black ink, appearing to read 'V. R. ...', is written over the printed name and date.

West Monroe, Louisiana
October 21, 1997

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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated October 21, 1997.

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

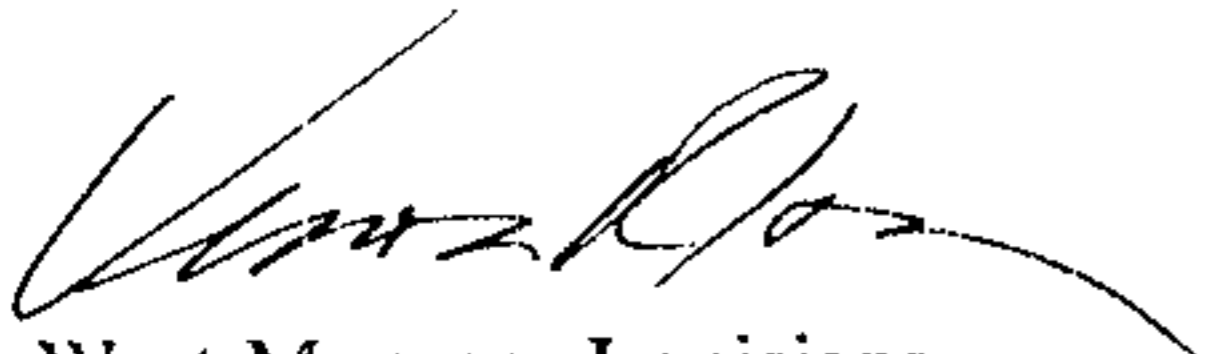
- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reporting
- Allowable costs/cost principles
- Administrative requirements

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

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

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

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

A handwritten signature in black ink, appearing to be 'V. R. ...', written over a horizontal line.

West Monroe, Louisiana
October 21, 1997



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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996 and for the year then ended, and have issued my report thereon dated October 21, 1997.

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

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

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DESOTO PARISH POLICE JURY
Mansfield, Louisiana
Independent Auditor's Report on
Compliance With Specific Requirements
Applicable to Nonmajor Programs,
December 31, 1996

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

A handwritten signature in black ink, appearing to be "W. Monroe", written in a cursive style.

West Monroe, Louisiana
October 21, 1997

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

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated October 21, 1997.

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

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

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

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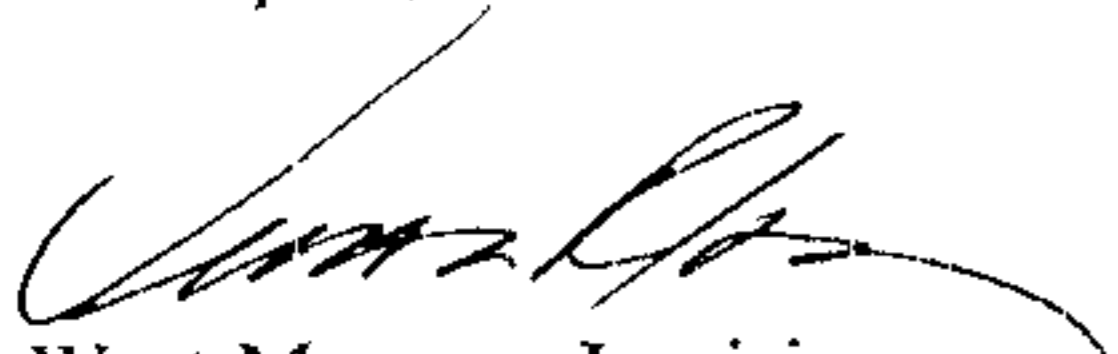
DESOTO PARISH POLICE JURY

Mansfield, Louisiana
Independent Auditor's Report on
Internal Control Structure,
December 31, 1996

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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

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



West Monroe, Louisiana

October 21, 1997



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

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

I have audited the primary government financial statements of the DeSoto Parish Police Jury as of December 31, 1996, and for the year then ended, and have issued my report thereon dated October 21, 1997. I have also audited the compliance of the DeSoto Parish Police Jury with requirements applicable to major federal financial assistance programs and have issued my report thereon dated October 21, 1997.

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

In planning and performing my audit for the year ended December 31, 1996, I considered the internal control structure of the DeSoto Parish Police Jury in order to determine my auditing procedures for the purpose of expressing my opinion on the primary government financial statements of the DeSoto Parish Police Jury and on the compliance of the DeSoto Parish Police Jury with requirements applicable to its major program, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the primary government financial statements in a separate report dated October 21, 1997.

The management of the DeSoto Parish Police Jury is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal

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DESOTO PARISH POLICE JURY

Mansfield, Louisiana

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

control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of primary government financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

Accounting applications:

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

General Requirements:

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

Specific Requirements:

- Types of services allowed/unallowed
- Eligibility
- Reporting
- Monitoring subrecipients
- Special requirements
- Claims for advances and reimbursements
- Amounts claimed or used for matching

DESOTO PARISH POLICE JURY

Mansfield, Louisiana

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

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

During the year ended December 31, 1996, the DeSoto Parish Police Jury expended 88 per cent of its total federal financial assistance under its major federal financial assistance program.

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

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

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



West Monroe, Louisiana
October 21, 1997