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East Carroll Parish Police Jury Lake Providence, Louisiana

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Basic Financial Statements And Independent Auditors' Report As of and for the Year Ended December 31, 2003

*(Prepared in accordance with the
Governmental Accounting Standards Board
New Financial Reporting Model)*

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

Release Date 7-14-04

**East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254**

**East Carroll Parish Police Jury
Lake Providence, Louisiana**

**Basic Financial Statements
And Independent Auditors' Report
As of and for the Year Ended December 31, 2003**

**East Carroll Parish Police Jury
Basic Financial Statements
And Independent Auditors' Report
As of and for the Year Ended December 31, 2003**

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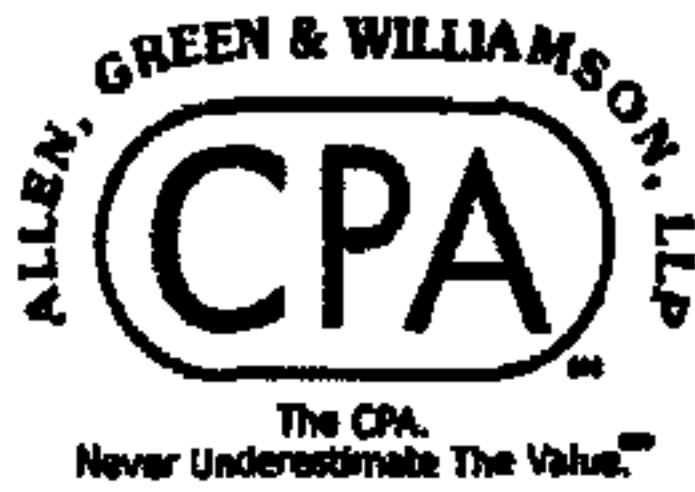
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**East Carroll Parish Police Jury
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Independent Auditors' Report

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate fund information of the East Carroll Parish Police Jury as of and for the year ended December 31, 2003, which collectively comprise the Police Jury's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Police Jury's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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 our opinion, except for the effect on the financial statements of the omission of certain component units as reflected in Note 1-A of the notes to the basic financial statements, the financial statements present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Police Jury as of December 31, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued under separate cover, our reports dated June 28, 2004, on our consideration of the Police Jury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3-12 and pages 48-59, respectively, are not a required part of the *basic financial statements* but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Police Jury, taken as a whole. The accompanying information identified in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

June 28, 2004

**East Carroll Parish Police Jury
Lake Providence, Louisiana**

REQUIRED SUPPLEMENTAL INFORMATION

**Management's Discussion
And Analysis (MD&A)**

East Carroll Parish Police Jury

**Management's Discussion and Analysis (MD&A)
December 31, 2003**

Our discussion and analysis of East Carroll Parish Police Jury's financial performance provides an overview of the Police Jury's financial activities for the year ended December 31, 2003.

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

Total spending for all our programs was \$4.05 million for the year. Most of the Police Jury's property and sales taxes were used to support the net cost (after deducting restricted grants and fees charged to users) of these three areas: other general government \$.26 million, public safety \$.27 million, public works \$1.1 million, and culture and recreation \$.25 million.

Governmental activities reported an increase in net assets of \$558,671 due largely to two federal grants awarded for capital projects.

Federal revenue and health and welfare expenditures decreased \$360,000 due to transfer of the Head Start program to another sponsoring agency.

USING THIS ANNUAL REPORT The Police Jury's annual report consist of a series of financial statements that show information for the Police Jury as a whole, and its funds. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Police Jury as a whole and present a longer-term view of the Police Jury's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Police Jury's overall financial health. Fund financial statements also report the Police Jury's operations in more detail than the government-wide financial statements by providing information about the Police Jury's most significant funds – the General Fund, Road Maintenance and Construction, Garbage District No. 1, Library, Health Unit, Airport, Section 8 Voucher, and Criminal Court.

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)
December 31, 2003

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Government-wide
Financial Statements**



**Fund
Financial Statements**

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Required Supplemental Information

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Supplemental Information

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(Under Separate Cover)

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Office of Management and Budget (OMB) Circular No. A-133

Other Information

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)
December 31, 2003

Our auditor has provided assurance in his independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements, after considering the fact that certain component units are not included, are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the Required Supplemental Information (RSI) and the Supplemental Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

Reporting the Police Jury as a Whole

The Statement of Net Assets and the Statement of Activities Our analysis of the Police Jury as a whole begins on page 7. One of the most important questions asked about the Police Jury is, "Is the Police Jury as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Police Jury's financial statements, report information on the Police Jury as a whole and its activities in a way that helps you answer this question. We prepare these statements to include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Police Jury's *net assets* – the difference between assets and liabilities, as reported in the Statement of Net Assets – as one way to measure the Police Jury's financial health, or *financial position*. Over time, *increases or decreases* in the Police Jury's net assets – as reported in the Statement of Activities – are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the Police Jury's *operating results*. However, the Police Jury's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of health and welfare services provided to parish citizens and the condition of roads, bridges and drainage systems to assess the *overall health* of the Police Jury.

The Statement of Net Assets and Statement of Activities report the following activity for the Police Jury:

Governmental activities – All of the Police Jury's services are reported here, including public works and health and welfare services. Property taxes, sales taxes, and state and federal grants finance most of these activities.

Reporting the Police Jury's Most Significant Funds

Fund Financial Statements The Police Jury's fund financial statements, which begin on page 19, provide detailed information about the most significant funds – not the Police Jury as a whole. Some funds are required to be established by State law and by bond covenants. However, the Police Jury establishes many other funds to help it control and manage money for particular purposes (like the Criminal Court fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the Police Jury receives for Section 8). The Police Jury's governmental funds use the following accounting approach:

Governmental funds – All of the Police Jury's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Police Jury's operations and the

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)
December 31, 2003

services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Police Jury's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation on Statements D and F.

THE POLICE JURY AS A WHOLE The Police Jury's net assets were \$6.5 million at December 31, 2003. Of this amount, \$238,396 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the Police Jury's ability to use those net assets for day-to-day operations. Our analysis below of the primary government focuses on the net assets (Table 1) and change in net assets (Table 2) of the Police Jury's governmental activities.

Table 1
Net Assets
December 31, 2003

	Governmental Activities	
	<u>2003</u>	<u>2002</u>
Current and other assets	\$3,165,871	\$2,800,902
Capital assets	<u>4,127,264</u>	<u>3,748,891</u>
Total assets	<u>7,293,135</u>	<u>6,549,793</u>
Current and other liabilities	628,177	270,923
Long-term liabilities	<u>147,067</u>	<u>328,824</u>
Total liabilities	<u>775,244</u>	<u>599,747</u>
Net assets		
Invested in capital assets, net of debt	3,798,441	3,248,783
Restricted	2,481,054	2,406,843
Unrestricted	<u>238,396</u>	<u>294,420</u>
Total net assets	<u>\$6,517,891</u>	<u>\$5,950,046</u>

The \$238,396 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. It means that if we had to pay off all of our bills *today* including all of our noncapital liabilities (compensated absences for example), we would have \$238,396 left. Unrestricted net assets decreased approximately \$56,024 from the prior year. The changes in net assets are discussed later in this MD&A.

The results of this year's operations for the primary government as a whole are reported in the Statement of Activities. Table 2, on the next page, takes the information from that Statement and rearranges them slightly so you can see our total revenues for the year.

East Carroll Parish Police Jury

**Management's Discussion and Analysis (MD&A)
December 31, 2003**

**Table 2
Changes in Net Assets
Year Ended December 31, 2003**

	<u>2003</u>	<u>2002</u>	<u>Increase (Decrease) From 2002</u>
Revenues:			
Program revenues			
Charges for services	\$ 679,616	\$1,207,818	\$(528,202)
Federal grants	1,536,865	1,387,563	149,302
State grants & entitlements	281,603	151,073	130,530
General Revenues			
Ad valorem taxes	1,274,700	1,214,731	59,969
Sales taxes	495,182	465,676	29,506
State revenue sharing	67,463	70,281	(2,818)
Other general revenues	<u>273,145</u>	<u>241,255</u>	<u>31,890</u>
Total revenues	<u>4,608,574</u>	<u>4,738,397</u>	<u>(129,823)</u>
Functions/Program Expenses:			
General government:			
Legislative	106,248	77,776	28,472
Judicial	313,624	335,073	(21,449)
Elections	34,776	34,160	616
Finance and administrative	166,479	172,756	(6,277)
Other general government	259,899	243,317	16,582
Public safety	331,160	319,757	11,403
Public works	1,717,549	1,994,687	(277,138)
Health and welfare	802,434	1,066,071	(263,637)
Culture and recreation	253,081	249,652	3,429
Economic development and assistance	21,522	27,439	(5,917)
Transportation	16,300	8,293	8,007
Interest on long-term debt	<u>26,831</u>	<u>34,680</u>	<u>(7,849)</u>
Total	<u>4,049,903</u>	<u>4,563,661</u>	<u>(513,758)</u>
Increase (decrease) in net assets	<u>\$ 558,671</u>	<u>\$174,736</u>	<u>\$ 383,935</u>

The increase in net assets of \$558,671 is due mainly to increases in state and federal grants received for capital projects.

Revenue for federal grants increased by approximately \$149,302 and state grants increased \$130,530. In addition, the Police Jury is no longer the oversight agency for the Head Start Program, but the Police Jury increased federal grant revenues through two grants to resurface the airport runway and re-pave some of the parish roads.

Governmental Activities As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$4.05 million. However, the amount that our taxpayers ultimately financed for these activities through Police Jury taxes was only \$1.55 million because some of the cost was paid by those who benefitted from the programs (\$.7 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$1.8 million). We paid for the remaining "public benefit" portion of our governmental activities with \$1.55 million in taxes and with our other revenues, like interest and general entitlements.

East Carroll Parish Police Jury

**Management's Discussion and Analysis (MD&A)
December 31, 2003**

In the table below, we have presented the cost of each of the Police Jury's six largest functions – judicial, finance and administrative, other general government, public works, health and welfare, and culture and recreation, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the Police Jury's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Year Ended December 31, Governmental Activities (in thousands)			
	Total Cost of Services	Net Cost of Services	Total cost of Services	Net Cost of Services
	2003	2003	2002	2002
Judicial	\$ 314	\$ 119	335	136
Finance and administrative	166	(39)	173	(80)
Other general government	260	260	243	243
Public works	1,718	1,107	1,995	1,169
Health & Welfare	802	171	1,066	69
Culture and Recreation	253	246	250	211
All others	<u>537</u>	<u>(311)</u>	<u>502</u>	<u>69</u>
Totals	<u>\$4,050</u>	<u>\$1,553</u>	<u>\$4,564</u>	<u>\$1,817</u>

THE POLICE JURY'S FUNDS As we noted earlier, the Police Jury uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the Police Jury is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the Police Jury's overall financial health.

As the Police Jury completed this year, our governmental funds reported a combined fund balance of \$2,743,507 which is an increase of \$35,900 from last year. The primary reasons for these increases are:

Our general fund is our principal operating fund. The fund balance in the general fund increased \$26,026 to \$328,698.

The Road Maintenance and Construction fund accounts for funds used to maintain the parish roads and streets. This fund showed an increase of \$28,241 to \$488,968. The increase was due mainly to a decrease in patching and maintenance expenses for the year.

The Garbage District No. 1 accounts for the parish garbage collection services begun in 2001. This fund showed a decrease of \$17,199 to \$510,395. The decrease is due mainly to an increase in maintenance and repairs for one of the garbage trucks.

The Library fund accounts for the public library. This fund showed an increase of \$10,283 to \$412,157. The increase was due to an increase in the millage for the ad valorem taxes.

The Health Unit fund accounts for the parish health center. This fund showed an increase of \$29,874 to \$546,209. The increase is due to a slight increase in ad valorem tax receipts and attempts to keep expenses down.

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)

December 31, 2003

The Airport fund accounts for the activities of the parish airport. This fund showed a slight decrease of \$121 to \$461. This decrease is due to extra expenses incurred in the administration of the federal grant received to overlay the runway.

The Section 8 Voucher fund accounts for the activity for HUD's Section 8 Housing Choice Voucher program. This fund showed an increase of \$10,047 to \$47,535. The increase is due to the recognition of portability income coupled with increases in expenses for training.

The Criminal Court fund accounts for the activities of the parish court. This fund showed a decrease of \$27,580 to \$(104,996). This decrease was due to a decrease in fines collected and an increase in wages and related benefits with no corresponding reimbursement from the district court.

The Other Governmental funds are comprised of the debt service fund and special revenue funds (Drainage Maintenance, Rural Fire, Rural Fire Protection, Head Start, and the Lakeside Walking Trail). The combined funds showed a decrease of \$32,845 to \$514,080. The primary reason for the decrease is due an increase in expenses for the Head Start fund and a decrease in the ad valorem millage for the debt service fund. This bond will be paid off in 2004 and the present fund balance is \$100,509.

General Fund Budgetary Highlights Over the course of the year, the Police Jury revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the Police Jury's original and final budget amounts compared with amounts actually paid and received is provided later in this report).

There were significant revisions made to the 2003 general fund original budget. The primary change was to add the beginning budgetary fund balance of \$112,247. Budgeted revenues were increased approximately \$6,726 due to receipt of state revenues and approximately \$32,930 due to the receipt of a state grant which was not awarded until after the original budget adoption. The remaining increase of approximately \$9,506 was due to increases in tax revenue. Budgeted expenditures increased approximately \$59,559 mainly due to the increase in grant revenue which is based on cost reimbursement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets At December 31, 2003, the Police Jury had \$4.1 million invested in a broad range of capital assets, including land, buildings, furniture and equipment and infrastructure assets such as roads and bridges. This amount represents a net increase (including additions, deductions and depreciation) of just over \$378,373, or ten percent, from last year. The primary reason for the net increase is a result of the resurfacing of the airport runway at a cost of \$763,626, new construction in progress for street re-paving of \$130,264, and equipment purchases less current depreciation of \$576,190.

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)
December 31, 2003

Capital Assets at Year-end

	Governmental Activities	
	<u>2003</u>	<u>2002</u>
Land	\$ 274,665	\$ 274,665
Buildings	405,461	341,714
Equipment and furniture	305,611	372,885
Vehicles	558,206	615,857
Books, periodicals and law books	37,077	42,744
Infrastructure	2,415,980	2,025,590
Construction in progress	<u>130,264</u>	<u>75,436</u>
Total net assets	<u>\$4,127,264</u>	<u>\$3,748,891</u>

This year's additions of \$1,801,800 included vehicles, buildings, equipment, and construction in progress.

No major capital projects are planned for the 2004 fiscal year. We anticipate capital additions will decrease in comparison to the 2003 fiscal year because there are no major construction projects planned. We present more detailed information about our capital assets in Note 7 to the financial statements.

The Police Jury is responsible for the maintenance of 139 routes in East Carroll Parish consisting of 289.23 linear miles of two-lane gravel and asphalt roads. Other roads are located in East Carroll Parish but are maintained by the city of Lake Providence or the state of Louisiana. The majority of the Police Jury maintained roads were asphalt surfaced in the 1960s and 1970s. However, since that time many have been disced and changed back to gravel surface. Accordingly, the surface type of most roads maintained today by the Police Jury is gravel.

Infrastructure road right-of-ways consist of the sixty feet right-of-way for the 289.23 miles of roads maintained by the Police Jury. The acreage was determined by multiplying the sixty feet of right-of-way by the 5,280 linear feet in a mile by the 289.23 linear miles of road and dividing the sum by the 43,560 square feet in an acre. The results of 2,103.49 acres is the number of acres comprising the land associated with the 289.23 linear miles of roads maintained by the Police Jury.

These roads include thirty-two bridges, eleven of which are concrete structures and twenty-one are wooden structures. Most bridges are thirty to fifty feet in length with two to three spans. The longest bridge is the Bayou Macon bridge with twelve spans for a total length of 269 feet. The next longest is Loggy Bayou bridge with eight spans for a total length of 156 feet. All other bridges are less than 100 feet in total length. The shortest bridge is the drain to Jones Bayou consisting of two spans for a total length of 23 feet.

Cost of infrastructure assets were determined in various ways. GASB No. 34 requires capital assets to be recorded at historical cost, or at estimated historical cost whenever it is impractical to determine historical cost because of inadequate records. The cost were determined as identified below whenever actual historical cost was not known.

The surface cost of the roads was determined by multiplying the estimated current cost to construct a linear mile of two lanes of gravel or asphalt road and deflating the current cost to the estimated cost at the time of construction of the roads. Most roads were considered to have been constructed in the 1950s and 1960s with most asphalt surfacing occurring in the 1960s and 1970s, and with resurfacing occurring periodically since. The surface of the

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)
December 31, 2003

roads currently was considered by management to be approximately 20 years old. Accordingly, 1979 was considered as the date of purchase for all surface materials for depreciation purpose.

The cost of the right-of-way was determined by using a current average value for farm land of \$1,500 an acre deflated to the estimated year of acquisition or prescription.

Eleven bridges have been replaced in recent times with concrete structures with funding provided by the U.S. Government. Cost figures for five of these concrete bridges were obtained from the Louisiana Department of Transportation and Development, the pass-through entity for the federal funding. The estimated cost for the other six concrete bridges were estimated based on the actual cost of the other five concrete bridges, considering the date constructed, the number of spans and the total length of the bridge. The cost of the 21 wood structure bridges was based on management's estimate of today's cost to construct deflated to the actual year of construction.

The deflation factors used were as per the "price trends for federal-aid highway construction" obtained from the United States Department of Transportation web site.

Debt At the end of this year, the Police Jury had \$85,000 in bonds outstanding versus \$165,000 last year, a decrease of forty-nine percent. Those bonds consisted of:

	Governmental Activities	
	2003	2002
General obligation bonds (backed by the Police Jury)	<u>\$85,000</u>	<u>\$165,000</u>

The Police Jury's general obligation bond rating continues to be Baa. The state limits the amount of general obligation debt that parishes can issue to 10 percent of the assessed value of all taxable property within the parish. The Police Jury's net outstanding general obligation debt of \$85,000 is significantly below this \$3,296,771 statutorily-imposed limit.

Other obligations include accrued vacation pay and capital leases. We present more detailed information about our long-term liabilities in Note 11 of Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES Our elected and appointed officials and citizens consider many factors when setting the Police Jury's 2003-year budget and tax rates. One of the most important factors affecting the budget is our ad valorem and sales tax collections. We have budgeted very little change in ad valorem and sales tax collections from 2003 to 2004. Approximately 26% of total revenues is from ad valorem and sales taxes. We have projected no increase in net assets for the 2004 budget year. We project that capital additions will be minimal for the 2004 year.

An annual transfer of \$125,000 was made from the Prison District #1 to the general fund to defray costs. The Prison District closed in December 2003. The Police Jury examined the cost allocation plan for administrative and bookkeeping services and revised the cost allocation plan to distribute these expenses to the funds utilizing these services.

East Carroll Parish Police Jury

Management's Discussion and Analysis (MD&A)
December 31, 2003

CONTACTING THE POLICE JURY'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the Police Jury's finances and to show the Police Jury's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Elisha Y. Matthews, Secretary-Treasurer, at the East Carroll Parish Police Jury, 400 First Street, Lake Providence, Louisiana 71254, telephone number (318) 559-2256.

East Carroll Parish Police Jury

BASIC FINANCIAL STATEMENTS

**Government-wide
Financial Statements (GWFS)**

EAST CARROLL PARISH POLICE JURY

**STATEMENT OF NET ASSETS
December 31, 2003**

Statement A

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNITS</u>
ASSETS		
Cash and cash equivalents	\$ 744,950	\$ 26,541
Investments	997,543	0
Receivables (net)	1,402,726	0
Inventories	0	0
Prepaid items	20,652	0
Capital assets, net	<u>4,127,264</u>	<u>3,087</u>
TOTAL ASSETS	<u>7,293,135</u>	<u>29,628</u>
LIABILITIES		
Accounts, salaries and other payables	439,585	10,165
Deferred revenue	0	0
Long-term liabilities		
Due within one year	188,592	4,451
Due in more than one year	<u>147,067</u>	<u>0</u>
TOTAL LIABILITIES	<u>775,244</u>	<u>14,816</u>
NET ASSETS		
Invested in capital assets, net of related debt	3,798,441	3,087
Restricted for:		
Debt service	100,509	0
Road Maintenance and Construction	488,968	0
Garbage District No. 1	510,395	0
Library	412,157	0
Health Unit	546,209	0
Drainage Maintenance	309,509	0
Rural Fire	113,307	0
Unrestricted	<u>238,396</u>	<u>11,925</u>
TOTAL NET ASSETS	<u>\$ 6,517,891</u>	<u>\$ 15,012</u>

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

EAST CARROLL PARISH POLICE JURY

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003**

	PROGRAM REVENUES			PRIMARY
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENT GOVERNMENTAL ACTIVITIES
			CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS				
<i>Primary Government: Governmental Activities:</i>				
General government:				
Legislative	\$ 106,248	\$	\$	\$ (106,248)
Judicial	313,624	194,476		(119,148)
Elections	34,776			(34,776)
Finance and administrative	166,479	185,230	20,694	39,445
Other general government	259,899			(259,899)
Public safety	331,160	12,490	47,860	(270,810)
Public works	1,717,549	260,307	189,163	161,147
Health and welfare	802,434		631,329	(171,105)
Culture and recreation	253,081	2,778	4,640	(245,663)
Economic development and assistance	21,522	22,535		1,013
Transportation	16,300	1,800		763,635
Interest on long-term debt	26,831			(26,831)
Total Governmental Activities	4,049,903	679,616	893,686	924,782
<i>Component units:</i>				
Finance and administrative	65,767		125,248	
Health and welfare	89,198		47,399	
Total Component Units	154,965		172,647	
General revenues:				
Taxes:				
Property taxes, levied for general purposes				\$ 1,183,251
Property taxes, levied for debt services				91,449
Sales taxes, levied for general purposes				495,182
State revenue sharing				67,463
Severance tax				23,933
Beer tax				18,261
Grants and contributions not restricted to specific programs				
Barracks transfer				156,254
Licenses and permits				22,356
Interest and investment earnings				29,488
Miscellaneous				22,853
Total general revenues				2,110,490
Changes in net assets				558,671
Net assets - beginning				5,959,220
Net assets - ending				\$ 6,517,891

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

East Carroll Parish Police Jury



East Carroll Parish Police Jury

BASIC FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

EAST CARROLL PARISH POLICE JURY

**GOVERNMENTAL FUNDS
Balance Sheet
December 31, 2003**

	<u>GENERAL</u>	<u>ROAD MAINTENANCE AND CONSTRUCTION</u>	<u>GARBAGE DISTRICT NO. 1</u>	<u>LIBRARY</u>
ASSETS				
Cash and cash equivalents	\$ 76,707	\$ 160,888	\$ 101,615	\$ 117,835
Investments	0	160,559	228,564	116,025
Receivables	174,222	201,614	189,778	182,600
Interfund receivables	123,813	0	0	0
Inventories	0	0	0	0
Prepaid items	0	0	0	0
Capital assets	0	0	0	0
TOTAL ASSETS	<u>374,742</u>	<u>523,061</u>	<u>519,957</u>	<u>416,460</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	46,044	23,880	9,562	4,303
Interfund payables	0	10,213	0	0
Deferred revenue	0	0	0	0
Total Liabilities	<u>46,044</u>	<u>34,093</u>	<u>9,562</u>	<u>4,303</u>
Fund Balances/Deficit:				
Reserved for:				
Debt Service	0	0	0	0
Unreserved, reported in:				
General	328,698	0	0	0
Special Revenue	0	488,968	510,395	412,157
Capital Projects	0	0	0	0
Total Fund Balances/Deficit	<u>328,698</u>	<u>488,968</u>	<u>510,395</u>	<u>412,157</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 374,742</u>	<u>\$ 523,061</u>	<u>\$ 519,957</u>	<u>\$ 416,460</u>

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

Statement C

HEALTH UNIT	AIRPORT	SECTION 8 VOUCHER	CRIMINAL COURT	LCDBG FY 2003 STREET PAVING PROJECT	OTHER GOVERNMENTAL	TOTAL
\$ 79,431	\$ 10,424	\$ 49,803	\$ 97	\$ 0	\$ 148,150	\$ 744,950
381,461	0	0	0	0	110,934	997,543
85,317	164,178	0	9,841	124,614	270,562	1,402,726
0	0	0	0	0	0	123,813
0	0	0	0	0	0	0
0	0	0	0	0	20,652	20,652
0	0	17,221	0	0	0	17,221
546,209	174,602	67,024	9,938	124,614	550,298	3,306,905
0	174,141	19,489	1,334	124,614	36,218	439,585
0	0	0	113,600	0	0	123,813
0	0	0	0	0	0	0
0	174,141	19,489	114,934	124,614	36,218	563,398
0	0	0	0	0	100,509	100,509
0	0	0	0	0	0	328,698
546,209	461	47,535	(104,996)	0	413,571	2,314,300
0	0	0	0	0	0	0
546,209	461	47,535	(104,996)	0	514,080	2,743,507
\$ 546,209	\$ 174,602	\$ 67,024	\$ 9,938	\$ 124,614	\$ 550,298	\$ 3,306,905

EAST CARROLL PARISH POLICE JURY

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2003**

Statement D

Total fund balances - governmental funds \$ 2,743,507

The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the Police Jury as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	17,108,636	
Depreciation expense to date	<u>(12,988,593)</u>	4,110,043

Long-term liabilities applicable to the Police Jury's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at December 31, 2003 are:

Long-term liabilities

Leases payable	(243,823)	
Compensated absences payable	(6,836)	
Bonds payable	<u>(85,000)</u>	
		<u>(335,659)</u>

Net Assets \$ 6,517,891

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

East Carroll Parish Police Jury



EAST CARROLL PARISH POLICE JURY

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances/Deficit
For the Year Ended December 31, 2003**

	<u>GENERAL</u>	<u>ROAD MAINTENANCE AND CONSTRUCTION</u>	<u>GARBAGE DISTRICT NO. 1</u>	<u>LIBRARY</u>
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 215,340	\$ 185,744	\$ 217,473	\$ 217,108
Sales and use	46,740	448,442	0	0
Licenses and permits	22,356	0	0	0
Intergovernmental revenues:				
Federal funds - federal grants	0	0	0	0
State funds:				
Parish transportation funds	0	103,780	0	0
State revenue sharing (net)	54,089	0	0	13,374
Severance taxes	23,933	0	0	0
Other	60,423	73,338	0	10,821
Fees, charges, and commissions for services	185,230	0	0	0
Fines and forfeitures	0	0	0	0
Use of money and property	5,120	3,476	3,956	8,018
Intergovernmental	156,254	0	0	0
Other revenues	78,815	1,361	191,796	4,002
Total Revenues	<u>848,300</u>	<u>816,141</u>	<u>413,225</u>	<u>253,323</u>
EXPENDITURES				
Current:				
General government:				
Legislative	106,248	0	0	0
Judicial	100,142	0	0	0
Elections	34,543	0	0	0
Finance and administrative	122,128	0	0	0
Other general government	256,062	0	0	0
Public safety	177,128	0	0	0
Public works	0	766,000	359,710	0
Health and welfare	0	0	0	0
Culture and recreation	666	0	0	243,040
Economic development and assistance	21,357	0	0	0
Transportation	0	0	0	0
Debt service:				
Principal retirement	0	0	59,205	0
Interest and bank charges	0	0	11,509	0
Capital outlay	0	21,900	0	0
Total Expenditures	<u>818,274</u>	<u>787,900</u>	<u>430,424</u>	<u>243,040</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 30,026</u>	<u>\$ 28,241</u>	<u>\$ (17,199)</u>	<u>\$ 10,283</u>

Statement E

LCDBG FY 2003							TOTAL
HEALTH UNIT	AIRPORT	SECTION 8 VOUCHER	CRIMINAL COURT	STREET PAVING PROJECT	OTHER GOVERNMENTAL		
\$ 108,472	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330,563	\$	1,274,700
0	0	0	0	0	0		495,182
0	0	0	0	0	0		22,356
0	687,272	631,329	0	161,147	57,117		1,536,865
0	0	0	0	0	0		103,780
0	0	0	0	0	0		67,463
0	0	0	0	0	0		23,933
0	76,363	0	0	0	12,490		233,435
0	1,200	0	0	0	0		186,430
0	0	0	194,476	0	0		194,476
4,640	0	761	0	0	3,517		29,488
0	0	0	0	0	0		158,254
0	800	2,015	0	0	5,423		284,212
113,112	765,635	634,105	194,476	161,147	409,110		4,608,574
0	0	0	0	0	0		106,248
0	0	0	212,530	0	0		312,672
0	0	0	0	0	0		34,543
0	0	0	0	30,883	14,127		167,138
0	0	0	0	0	0		256,062
0	0	0	9,526	0	102,900		289,554
0	0	0	0	0	123,665		1,249,375
83,238	0	624,058	0	0	73,861		781,157
0	0	0	0	0	0		243,706
0	0	0	0	0	0		21,357
0	769,756	0	0	0	0		769,756
0	0	0	0	0	112,080		171,285
0	0	0	0	0	15,322		26,831
0	0	0	0	130,264	0		152,164
83,238	769,756	624,058	222,056	161,147	441,955		4,581,848
\$ 29,874	\$ (4,121)	\$ 10,047	\$ (27,580)	\$ 0	\$ (32,845)	\$	26,726

(CONTINUED)

EAST CARROLL PARISH POLICE JURY

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances/Deficit
For the Year Ended December 31, 2003**

	<u>GENERAL</u>	<u>ROAD MAINTENANCE AND CONSTRUCTION</u>	<u>GARBAGE DISTRICT NO. 1</u>	<u>LIBRARY</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 0	\$ 0	\$ 0	\$ 0
Transfers out	(4,000)	0	0	0
Proceeds from capital lease	0	0	0	0
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	26,026	28,241	(17,199)	10,283
FUND BALANCES - BEGINNING	<u>302,672</u>	<u>460,727</u>	<u>527,594</u>	<u>401,874</u>
FUND BALANCES - ENDING	<u>\$ 328,698</u>	<u>\$ 488,968</u>	<u>\$ 510,395</u>	<u>\$ 412,157</u>

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

Statement E

HEALTH UNIT	AIRPORT	SECTION 8 VOUCHER	CRIMINAL COURT	LCDBG FY 2003 STREET PAVING PROJECT	OTHER GOVERNMENTAL	TOTAL
\$ 0	\$ 4,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,000
0	0	0	0	0	0	(4,000)
0	0	0	0	0	0	0
0	4,000	0	0	0	0	0
29,874	(121)	10,047	(27,580)	0	(32,845)	26,726
516,335	582	37,488	(77,416)	0	546,925	2,716,781
\$ 546,209	\$ 461	\$ 47,535	\$ (104,996)	\$ 0	\$ 514,080	\$ 2,743,507

(CONCLUDED)

EAST CARROLL PARISH POLICE JURY

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances/Deficits
to the Statement of Activities
For the Year Ended December 31, 2003**

Statement F

Total net change in fund balances - governmental funds \$ 26,726

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the period:

Capital outlay	\$ 933,257	
Depreciation expense	(572,105)	361,152

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 171,285

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$31,491) exceeded the amounts used (\$31,983) by \$492. (492)

Change in net assets of governmental activities. \$ 558,671

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

**East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003**

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**East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The East Carroll Parish Police Jury (the Police Jury) is the governing authority for East Carroll Parish and is a political subdivision of the state of Louisiana. The Police Jury is governed by nine jurors representing the various districts within the parish. The jurors serve four-year terms which expire in January 2004.

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

In accomplishing its objectives, the Police Jury also has the authority to create special districts (component units) within the parish. The districts perform specialized functions, such as fire protection, library facilities, airport facilities, prison facilities, and health care facilities.

A. REPORTING ENTITY As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll Parish. The financial reporting entity consists of (a) the primary government (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 establishes criteria for determining the governmental reporting entity and component units that should be considered part of the East Carroll Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

**East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003**

<u>Component Unit</u>	<u>Method of Inclusion</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Included within the reporting entity:			
East Carroll Parish Library	Blended	December 31	1 and 3
Sixth Judicial District Criminal Court (East Carroll Parish)	Blended	December 31	2 and 3
Community Action Agency of East Carroll Parish	Discrete	December 31	1 and 3
Not included within the reporting entity:			
East Carroll Parish:			
Sheriff		June 30	2 and 3
Assessor		December 31	2 and 3
Clerk of Court		June 30	2 and 3
East Carroll Hospital Service District		June 30	1 and 3
East Carroll Parish Housing Authority		June 30	1 and 3
East Carroll Recreation District		December 31	1 and 3
Prison District No. 1		December 31	1 and 3

The Police Jury has chosen not to include the following component units in the basic financial statements: Sheriff, Assessor, Clerk of Court, East Carroll Hospital Service District, East Carroll Parish Housing Authority, East Carroll Recreation District and Prison District No. 1. Separate financial statements for each of these component units can be obtained by contacting the component unit.

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

B. FUNDS The accounts of the Police Jury are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The governmental funds are divided into separate "fund types." Governmental funds are used to account for 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 the recovering the cost of providing services to the public or other agencies through service charges or user fees. The Police Jury's current operations require the use of governmental 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.

Road Maintenance and Construction - This fund accounts for funds used to maintain the parish roads and streets.

Garbage District #1 - This fund accounts for the parish garbage collection services begun in 2001.

**East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003**

Library fund - This fund accounts for the activities performed for the public library.

Health Unit - This fund accounts for the parish health center.

Airport - This fund accounts for the activities of the parish airport.

Section 8 Voucher - This fund accounts for the activity for HUD's Section 8 Housing Choice Voucher program. The purpose is to assist low-income families in obtaining affordable housing.

Criminal Court - This fund accounts for the activities of the parish court and its operations.

LCDBG FY 2003 Street Paving Project - This fund accounts for a special project underway to re-pave and/or resurface existing parish roads.

Other Governmental - This fund is comprised of all non-major funds which includes Fire Protection, the Head Start program, the Lakeside Walking Trail fund, Drainage Maintenance, and debt service fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions." Fiduciary funds are not included in the government-wide financial statements.

Program revenues Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Police Jury's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Police Jury's general revenues.

Allocation of indirect expenses The Police Jury reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003

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

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

Revenues 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 susceptible to accrual.

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

Other Financing Sources (Uses) Sale of fixed assets, increases in capital lease purchases, 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.

**East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003**

D. ENCUMBRANCES Outstanding encumbrances lapse at year-end. Authorization for the eventual expenditure will be included in the following year's budget appropriations. Encumbrance accounting is not employed in governmental funds.

Encumbrance accounting (e.g., purchase orders, contracts) is not recognized within the accounting records for budgetary control purposes.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Police Jury may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the Police Jury's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

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

Definitions:

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

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

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

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

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

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

The LAMP may invest in U. S. Government Securities. The LAMP is designed to comply with restriction on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955.

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

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

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES (FFS) During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

H. ELIMINATION AND RECLASSIFICATIONS In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

I. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. CAPITAL ASSETS Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. General and infrastructure assets (e.g. roads, bridges, and other assets that are immovable and of value only to the government) are capitalized and valued at historical cost or estimated historical cost. Interest during construction was not capitalized on capital assets prior to January 1, 1999. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Vehicles and trailers are assigned a salvage value of ten percent of historical costs. Straight line depreciation is used based on the following estimated useful lives:

Buildings	40 years
Portable buildings	10 to 20 years
Office equipment	6 or 10 years
Furniture and fixtures	6 or 10 years
Construction equipment	4 to 10 years

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Vehicles	4 or 9 years
Books, periodicals and law books	10 years
Infrastructure:	
Airport hangars	40 years
Road surface	25 years
Bridges	40 to 50 years

K. COMPENSATED ABSENCES All full-time employees of the Police Jury earn annual leave at rates varying from ten to 20 days per year, depending on length of service. Employees may accumulate and carry forward no more than five days of annual leave. All full-time permanent employees earn one sick day per month of continuous employment. Sick leave can be accumulated up to 30 days. Employees are not compensated for sick leave at termination or retirement.

Full-time employees of the East Carroll Parish Library earn from ten to 15 days of vacation leave, depending on their length of service and position with the library. Part-time employees earn six days of vacation leave each year. Vacation leave cannot be accumulated. All 12-month employees earn ten days of sick leave each year. Sick leave can be accumulated up to 20 days. Part-time employees earn six days of sick leave each year. Sick leave lapses upon termination of employment.

Full-time 12-month employees of East Carroll Parish Head Start earn from ten to twenty days of vacation leave per year. Full-time permanent employees earn one-half day of sick leave every pay period.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current-year expenditure within the various funds when leave is actually taken or when employees are paid for accrued vacation leave upon retirement.

Employees of the Community Action Agency of East Carroll Parish (component unit) earn from 12 to 18 days of vacation and sick leave each year, depending on length of service. Upon termination, an employee is compensated for the current program year's unused annual leave time and up to 72 hours of previous years' annual leave.

The Police Jury's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

The employees' right to receive compensation are attributable to services already rendered.

It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

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An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

L. LIABILITIES For government-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

M. RESTRICTED NET ASSETS For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

It is the Police Jury's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. RESERVED FUND BALANCES OF FUND FINANCIAL STATEMENTS Reserves represent those portions of fund balance that are not appropriable for expenditures or that are legally segregated for a specific purpose. Designated fund balances represent tentative management plans for future use of financial resources and are subject to change.

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

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

P. SALES TAXES The Police Jury has a one percent sales and use tax, which was passed by the voters on October 16, 1993, for a period of five years. In May 1998, this tax was renewed for five years. The net proceeds of the tax (after necessary costs of collection) are to be used to construct, operate, and maintain parish public

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roads, drainage canals, and public bridges, with ten percent of the proceeds used exclusively for insurance premiums.

Q. DEFERRED REVENUES The Police Jury reports deferred revenues on its statement of net assets. Deferred revenues arise when resources are received by the Police Jury before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Police Jury has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances The following funds have a deficit in the fund balance at December 31, 2003:

<u>Fund</u>	<u>Deficit Amount</u>
Criminal Court	\$104,996
Head Start	13,885

The deficit in the Criminal Court Fund will be eliminated by transfers from the general fund. Effective January 1, 2004 the Head Start program will no longer be a part of the Police Jury financial statements.

NOTE 3 - LEVIED TAXES The Police Jury levies taxes on real and business personal property located within East Carroll Parish's boundaries. Property taxes are levied by the Police Jury on property values assessed by the East Carroll Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The East Carroll Parish sheriff's office bills and collects property taxes for the Police Jury. Collections are remitted to the Police Jury monthly.

<u>Property Tax Calendar</u>	
Millage rates adopted	September 5, 2003
Levy date	September 25, 2003
Tax bills mailed	November 7, 2003
Due date	December 31, 2003
Lien date	January 1, 2004
Tax sale - 2002 delinquent property	On or about May 1, 2004

Assessed values are established by the East Carroll Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value.

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10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2003. Total assessed value was \$32,967,712 in calendar year 2003. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$5,027,990 of the assessed value in calendar year 2003.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded in the general fund, road maintenance and construction special revenue fund, drainage maintenance special revenue fund, garbage district No. 1 special revenue fund, rural fire special revenue fund, library special revenue fund, health unit special revenue fund, and the debt service fund. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year-end.

The tax roll is prepared by the parish tax assessor in November of each year, therefore, the amount of 2003 property taxes to be collected occurs in December and January and February of the next year. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 2003:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
General fund	4.00	5.11	Indefinite
Courthouse maintenance	2.11	2.31	2004
Road maintenance	5.00	6.37	2007
Drainage maintenance	5.00	6.37	2007
Library maintenance	6.83	7.49	2004
Health unit	3.00	3.72	2007
District taxes:			
Rural fire protection	2.00	2.41	2008
Rural fire protection debt service	Variable	4.10	2004
Waste collection and disposal	8.60	9.82	2004

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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.

NOTE 4 - CASH AND CASH EQUIVALENTS At December 31, 2003, the Police Jury had cash and cash equivalents (book balances) as follows:

Demand deposits	\$708,153
Time deposits	<u>36,797</u>
Total cash and cash and cash equivalents per Statement A	<u>\$744,950</u>

At December 31, 2003, the Community Action Agency of East Carroll Parish (component unit) has demand deposits (book balances) totaling \$26,541.

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.

At year-end, the Police Jury's carrying amount of deposits was \$744,950 and the bank balance was \$899,698. Of the bank balance, \$303,805 was covered by federal depository insurance or by collateral held by the Police Jury's agent in the Police Jury's name (GASB Category 1). The remaining balance, \$596,613 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Police Jury's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 has failed to pay deposited funds upon demand.

At December 31, 2003, deposit balances of the Community Action Agency of East Carroll Parish (a discretely presented component unit) were fully secured by federal deposit insurance.

NOTE 5 - INVESTMENTS Investments are categorized into these three categories of credit risk:

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

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At year end, the Police Jury investment balances were as follows:

<u>Type of investment</u>	<u>Carrying Amount</u> <u>Fair Value</u>
Investments not subject to categorization:	
External investment pool (LAMP)	\$997,543

NOTE 6 - RECEIVABLES The following is a summary of receivables at December 31, 2003:

	<u>General</u>	<u>Road Maintenance Construction</u>	<u>Garbage District No. 1</u>	<u>Library</u>	<u>Health Unit</u>	<u>Airport</u>	<u>Criminal Court</u>	<u>Capital Project</u>	<u>Other Govern- mental</u>	<u>Total</u>
Taxes:										
Ad valorem	\$170,173	\$146,092	\$174,778	\$171,778	\$85,317	\$0	\$0	\$0	\$261,958	\$1,010,096
Sales tax	0	45,814	0	0	0	0	0	0	0	45,814
Intergovernmental Revenues										
Federal	0	0	0	0	0	89,471	0	124,614	8,604	222,689
State	0	9,708	0	10,822	0	74,657	0	0	0	95,187
Other	4,049	0	15,000	0	0	50	9,841	0	0	28,940
Total	<u>\$174,222</u>	<u>\$201,614</u>	<u>\$189,778</u>	<u>\$182,600</u>	<u>\$85,317</u>	<u>\$164,178</u>	<u>\$9,841</u>	<u>\$124,614</u>	<u>\$270,562</u>	<u>\$1,402,726</u>

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, no allowance for doubtful accounts has been established for ad valorem taxes. The balance of accounts receivable is expected to be collected in full so no allowance for doubtful accounts has been established.

NOTE 7 - CAPITAL ASSETS The following schedule presents changes in capital assets for the Police Jury:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, Ending</u>
Governmental activities				
Not subject to depreciation:				
Land	\$ 274,665	\$ 0	\$ 0	\$ 274,665
Subject to depreciation:				
Buildings	1,592,532	83,611	0	1,676,143
Office equipment	373,688	11,796	0	385,484
Furniture and fixtures	101,256	3,131	0	104,387
Construction equipment	1,242,767	8,806	0	1,251,573
Vehicles	1,534,019	28,765	0	1,562,784
Books, periodicals and law books	351,068	0	0	351,068
Construction in progress	75,436	902,065	847,237	130,264
Infrastructure				
Airport land	101,000	0	0	101,000
Airport hangars	25,000	0	0	25,000
Airport runway	0	763,626	0	763,626
Road right-of-way	558,234	0	0	558,234
Road surface	8,250,981	0	0	8,250,981
Bridges	1,690,648	0	0	1,690,648
Total	<u>16,171,294</u>	<u>1,801,800</u>	<u>847,237</u>	<u>17,125,857</u>

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	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, Ending</u>
Less accumulated depreciation:				
Buildings	1,250,818	19,864	0	1,270,682
Office equipment	276,804	27,073	0	303,877
Furniture and fixtures	87,074	5,314	0	92,388
Construction equipment	980,948	58,620	0	1,039,568
Vehicles	918,162	86,416	0	1,004,578
Books, periodicals and law books	308,324	5,667	0	313,991
Infrastructure				
Airport hangars	17,188	625	0	17,813
Airport runway	0	9,545	0	9545
Road surface	7,755,921	330,039	0	8,085,960
Bridges	827,164	33,027	0	860,191
Total	<u>12,422,403</u>	<u>576,190</u>	<u>0</u>	<u>12,998,593</u>
Governmental activities capital assets, net	<u>\$ 3,748,891</u>	<u>\$1,225,610</u>	<u>\$847,237</u>	<u>\$ 4,127,264</u>

Depreciation expense was charged to governmental activities for the Police Jury as follows:

Judicial	\$ 952
Elections	233
Finance and administrative	98
Other general government	3,837
Public safety	53,087
Public works	467,136
Health and welfare	25,851
Culture and recreation	14,661
Economic development and assistance	165
Transportation	<u>10,170</u>
Total	<u>\$576,190</u>

The following schedule presents changes in capital assets for the Community Action Agency (the discretely presented component unit):

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, Ending</u>
Governmental activities				
Office equipment	\$14,566	\$0	\$0	\$14,566
Furniture and fixtures	6,234	0	0	6,234
Total	<u>20,800</u>	<u>0</u>	<u>0</u>	<u>20,800</u>
Less accumulated depreciation:				
Office equipment	10,640	1,509	0	12,149
Furniture and fixtures	5,432	132	0	5,564
Total	<u>16,072</u>	<u>1,641</u>	<u>0</u>	<u>17,713</u>
Governmental activities capital assets, net	<u>\$ 4,728</u>	<u>\$(1,641)</u>	<u>\$0</u>	<u>\$ 3,087</u>

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Depreciation expense was charged to governmental activities for the Community Action Agency as follows:

Finance and administrative	<u>\$1,641</u>
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NOTE 8 - RETIREMENT SYSTEMS Substantially all employees of the Police Jury and the Community Action Agency of East Carroll Parish 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 district plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Police Jury and the Community Action Agency of East Carroll Parish (component unit) are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least ten years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus three percent of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Under Plan A, members are required by state statute to contribute 9.50 percent of their annual covered salary and the Police Jury is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the system also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Police Jury and Community Action Agency of East Carroll Parish (component unit) 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 Police Jury's contributions to the System under Plan A for the years ending December 31, 2003, 2002, and 2001, were \$63,364, \$88,215, and \$99,434, respectively, equal to the required contribution for each year. The Community Action Agency of East Carroll Parish (component unit) contributions to the system under Plan A for the years ended December 31, 2003, 2002 and 2001, were \$4,134, \$3,499, and \$7,378, respectively, equal to the required contribution for each year.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS The Police Jury provides certain continuing health care and life 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

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and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Police Jury. The Police Jury recognizes the cost of providing these benefits to retirees as an expenditure when paid during the year. The Police Jury had expenditures of \$13,579 for 11 retirees.

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

	General	Road Maintenance and Construction	Garbage District No. 1	Library	Airport	Section 8 Voucher	Criminal Court	Capital Project	Other Govern- mental	Total
Vendors	\$46,044	\$23,880	\$9,562	\$4,303	\$174,141	\$15,834	\$1,334	\$0	\$19,676	\$294,774
Others	0	0	0	0	0	3,655	0	124,614	16,542	144,811
Total	\$46,044	\$23,880	\$9,562	\$4,303	\$174,141	\$19,489	\$1,334	\$124,614	\$36,218	\$439,585

NOTE 11 - LONG-TERM LIABILITIES The following is a summary of the long-term liabilities transactions and balances for the year ended December 31, 2003:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$165,000	\$ 0	\$ 80,000	\$ 85,000	\$ 85,000
Other Liabilities:					
Compensated absences	6,344	31,983	31,491	6,836	6,836
Capital leases	335,108	0	91,285	243,823	96,756
Governmental Activities					
Long-term liabilities	<u>\$506,452</u>	<u>\$31,983</u>	<u>\$202,776</u>	<u>\$335,659</u>	<u>\$188,592</u>

Payments on the general obligation bonds payable that pertain to the Police Jury's governmental activities are made by the debt service fund. The compensated absences liability attributable to the governmental activities will be liquidated by the general fund (28%), the garbage district (20%), and the road maintenance and construction fund (52%). The capital lease liability will be paid by Garbage District No. 1 fund and the Drainage District fund.

The general obligation bonds payable at December 31, 2003 is the following issue:

	Original Amount	Interest Rates	Final Payment Due	Interest to Maturity	Principal Outstanding
1989 Issue	<u>\$750,000</u>	7.3 to 7.6	3-1-04	<u>\$3,230</u>	<u>\$85,000</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At December 31, 2003, the Police Jury had accumulated \$113,307 in the debt service fund for future debt requirements. The bonds are due as follows:

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<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$85,000</u>	<u>\$3,230</u>	<u>\$88,230</u>

In accordance with Louisiana Revised Statute 39:562, the Police Jury and its component units are legally restricted from incurring long-term bonded debt in excess of ten percent of the assessed value of taxable property in the parish or district. At December 31, 2003, the statutory limit is \$3,296,771 and net outstanding bonded debt totals \$-0-.

The Police Jury records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2003, the Police Jury had three capital leases in effect for equipment. The leases had an original recorded amount of \$468,210. Obligations are retired from the drainage fund and the Garbage District No. present value of the net minimum lease payments, as of December 31, 2003:

Fiscal year:		
2004		\$ 108,616
2005		100,972
2006		43,800
2007		10,354
2008		0
Less amounts representing executory costs		0
Net minimum lease payments		<u>263,742</u>
Less amounts representing interest		<u>(19,919)</u>
Present value of net minimum lease payments		<u>\$ 243,823</u>

NOTE 12 - 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. However, for the year ended December 31, 2003, the Criminal Court Fund does not have a year-end fund balance for transfer to the parish general fund.

NOTE 13 - INTERFUND ASSETS/LIABILITIES (FFS LEVEL ONLY)

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Criminal Court	\$113,600
	Road Maintenance and Construction	<u>10,213</u>
Total		<u>\$123,813</u>

The Criminal Court is not expected to repay the interfund liability within one year. The road maintenance and construction fund is expected to pay its liability within one year.

The purpose of the interfund receivables/payables were to cover expenditures until reimbursements were received from outside agencies and to recognize sales taxes payable to the general fund from the road fund.

**East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2003**

NOTE 14 - INTERFUND TRANSFERS (FFS LEVEL ONLY) Operating transfers for the year ended December 31, 2003, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund		\$4,000
Airport	<u>\$4,000</u>	
Totals	<u>\$4,000</u>	<u>\$4,000</u>

The purpose of the interfund transfers was to assist in covering operating expenses.

NOTE 15 - LITIGATION AND CLAIMS

Construction The Police Jury had begun a street paving project. The estimated cost to complete is \$22,190.

Grant Disallowances The Police Jury participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant.

NOTE 16 - RISK MANAGEMENT The Police Jury is at risk for property damage, liability and theft which are covered by insurance policies.

NOTE 17 - SUBSEQUENT EVENTS The Police Jury started paying unemployment for former employees of the Prison District after year end. The Police Jury also pays for housing pre-trial inmates outside of the parish. This was a change after year end. The Police Jury will use funds from the General Fund to meet these commitments.

East Carroll Parish Police Jury

REQUIRED SUPPLEMENTAL INFORMATION

East Carroll Parish Police Jury

Budgetary Comparison Schedules

General Fund And Major Special Revenue Funds With Legally Adopted Annual Budgets

GENERAL FUND The general fund accounts for all activities of the Police Jury except those that are accounted for in other funds.

ROAD MAINTENANCE AND CONSTRUCTION The road maintenance fund accounts for the maintenance of the parish highways, streets, and bridges. Major means of financing is provided by a one percent sales tax.

GARBAGE DISTRICT NO. 1 The solid waste fund accounts for the operations of the parish-wide landfill project and is funded by a district ad valorem tax.

LIBRARY The library fund accounts for the operations of the parish library. Financing is provided by a specific parish-wide ad valorem tax.

HEALTH UNIT The health unit fund accounts for the maintenance and operation of the parish health unit. Financing is provided by a specific parish-wide ad valorem taxes.

AIRPORT The airport fund accounts for the operation and maintenance of East Carroll Parish Airport. Funding is provided primarily from transfers from the general fund.

SECTION 8 VOUCHER Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low-income families at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30 percent of the family's adjusted income. The family has to pay at least ten percent of gross monthly income for rent.

EAST CARROLL PARISH POLICE JURY

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2003**

Exhibit 1-1

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
			<u>(BUDGETARY BASIS)</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ 112,247	\$ 112,247	\$ 0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	191,000	196,506	207,285	10,779
Sales and use	43,000	45,000	46,471	1,471
Licenses and permits	25,100	27,100	22,356	(4,744)
Intergovernmental revenues:				
Federal funds	0	0	0	0
State funds:				
State revenue sharing (net)	48,000	48,000	54,089	6,089
Severance taxes	12,500	16,130	23,933	7,803
Other	67,900	70,996	69,197	(1,799)
Fees, charges, and commissions for services	185,160	185,160	185,230	70
Use of money and property	5,500	5,500	5,120	(380)
Intergovernmental	125,000	125,000	156,254	31,254
Other revenues	45,500	78,340	86,953	8,613
Transfers from other funds	6,340	6,340	0	(6,340)
Amounts available for appropriations	755,000	916,319	969,135	52,816
Charges to appropriations (outflows)				
General government:				
Legislative	85,985	85,985	74,290	11,695
Judicial	114,500	115,300	102,799	12,501
Elections	36,595	36,595	34,543	2,052
Finance and administrative	128,500	127,020	124,724	2,296
Other general government	215,310	264,050	246,253	17,797
Public safety	135,450	155,335	152,121	3,214
Public works	8,000	8,000	0	8,000
Health and welfare	0	0	0	0
Culture and recreation	6,500	6,500	666	5,834
Economic development and assistance	21,874	21,874	22,280	(406)
Capital outlay	9,000	3,114	3,114	0
Transfers to other funds	7,000	4,500	4,000	500
Total charges to appropriations	768,714	828,273	764,790	63,483
BUDGETARY FUND BALANCES, ENDING	\$ (13,714)	\$ 88,046	\$ 204,345	\$ 116,299

EAST CARROLL PARISH POLICE JURY
ROAD MAINTENANCE AND CONSTRUCTION
Budgetary Comparison Schedule
For the Year Ended December 31, 2003

Exhibit 1-2

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
			<u>(BUDGETARY BASIS)</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ 460,727	\$ 460,727	0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	173,000	176,338	185,592	9,254
Sales and use	430,000	430,000	481,002	51,002
Intergovernmental revenues:				
State funds:				
Parish transportation funds	95,000	113,000	113,788	788
Federal funds	0	0	0	0
Use of money and property	5,700	3,900	3,476	(424)
Other revenues	50,500	50,500	50,000	(500)
Amounts available for appropriations	754,200	1,234,465	1,294,585	60,120
Charges to appropriations (outflows)				
Public works	732,210	831,418	819,843	11,575
Debt service:				
Principal retirement	0	0	0	0
Interest and bank charges	0	0	0	0
Capital outlay	30,000	25,000	22,196	2,804
Transfers to other funds	43,000	45,000	47,522	(2,522)
Total charges to appropriations	805,210	901,418	889,561	11,857
BUDGETARY FUND BALANCES, ENDING	\$ (51,010)	\$ 333,047	\$ 405,024	71,977

EAST CARROLL PARISH POLICE JURY

GARBAGE DISTRICT NO. 1
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2003

Exhibit 1-3

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS (BUDGETARY BASIS)	FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ 348,241	\$ 348,241	0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	198,000	202,000	214,724	12,724
Other revenue	199,800	199,800	191,796	(8,004)
Use of money and property	8,000	4,500	3,958	(544)
Amounts available for appropriations	405,800	754,541	758,717	4,176
Charges to appropriations (outflows)				
Public works	319,940	358,740	349,754	6,986
Debt service:				
Principal retirement	70,720	79,720	73,348	6,374
Capital outlay	0	0	0	0
Total charges to appropriations	390,660	438,460	423,100	13,360
BUDGETARY FUND BALANCES, ENDING	\$ 15,140	\$ 318,081	\$ 335,617	17,536

EAST CARROLL PARISH POLICE JURY

**LIBRARY
Budgetary Comparison Schedule
For the Year Ended December 31, 2003**

Exhibit 1-4

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
			<u>(BUDGETARY BASIS)</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ (203,106)	\$ (203,106)	\$ 0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	170,000	197,930	208,812	10,882
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	13,000	13,000	13,374	374
Other	7,500	0	0	0
Use of money and property	6,500	7,690	8,018	328
Other revenues	4,621	3,346	4,002	656
	<u>201,621</u>	<u>18,860</u>	<u>31,100</u>	<u>12,240</u>
Charges to appropriations (outflows)				
Culture and recreation	<u>236,865</u>	<u>236,089</u>	<u>243,040</u>	<u>(6,951)</u>
	<u>236,865</u>	<u>236,089</u>	<u>243,040</u>	<u>(6,951)</u>
BUDGETARY FUND BALANCES, ENDING	\$ <u>(35,244)</u>	\$ <u>(217,229)</u>	\$ <u>(211,940)</u>	\$ <u>5,289</u>

EAST CARROLL PARISH POLICE JURY

**HEALTH UNIT
Budgetary Comparison Schedule
For the Year Ended December 31, 2003**

Exhibit 1-5

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>	
			<u>(BUDGETARY BASIS)</u>	<u>POSITIVE</u>	
				<u>(NEGATIVE)</u>	
BUDGETARY FUND BALANCES, BEGINNING	\$	0 \$	427,525 \$	427,525 \$	0
Resources (inflows)					
Local sources:					
Taxes:					
Ad valorem	98,000	103,000	108,383	5,383	
Use of money and property	7,000	5,000	4,640	(360)	
Other revenues	0	0	0	0	
	<u>105,000</u>	<u>535,525</u>	<u>540,548</u>	<u>5,023</u>	
Amounts available for appropriations					
Charges to appropriations (outflows)					
Health and welfare	73,966	79,766	79,656	110	
	<u>73,966</u>	<u>79,766</u>	<u>79,656</u>	<u>110</u>	
Total charges to appropriations					
BUDGETARY FUND BALANCES, ENDING	\$	31,034 \$	455,759 \$	460,892 \$	5,133

EAST CARROLL PARISH POLICE JURY

AIRPORT
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2003

Exhibit 1-6

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS (BUDGETARY BASIS)	FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ 582	\$ 582	0
Resources (inflows)				
Intergovernmental revenues:				
Federal funds	0	175,542	687,272	511,730
State funds:				
Other	0	0	76,363	76,363
Fees, charges and commissions	1,900	1,200	1,200	0
Other revenues	0	800	800	0
Transfers from other funds	7,000	4,500	4,000	(500)
Amounts available for appropriations	8,900	182,624	770,217	587,593
Charges to appropriations (outflows)				
Transportation	8,335	182,477	769,756	(587,279)
Total charges to appropriations	8,335	182,477	769,756	(587,279)
BUDGETARY FUND BALANCES, ENDING	\$ 565	\$ 147	\$ 461	314

EAST CARROLL PARISH POLICE JURY

**SECTION 8 VOUCHER
Budgetary Comparison Schedule
For the Year Ended December 31, 2003**

Exhibit 1-7

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
			<u>(BUDGETARY BASIS)</u>	<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 0	\$ 0	\$ 0	\$ 0
Resources (inflows)				
Intergovernmental revenues:				
Federal funds	599,113	599,113	631,329	32,216
Use of money and property	<u>0</u>	<u>0</u>	<u>2,776</u>	<u>2,776</u>
Amounts available for appropriations	<u>599,113</u>	<u>599,113</u>	<u>634,105</u>	<u>34,992</u>
Charges to appropriations (outflows)				
Health and welfare	<u>599,113</u>	<u>599,113</u>	<u>624,058</u>	<u>(24,945)</u>
Total charges to appropriations	<u>599,113</u>	<u>599,113</u>	<u>624,058</u>	<u>(24,945)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>10,047</u>	<u>\$ 10,047</u>

East Carroll Parish Police Jury

**Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2003**

A. BUDGETS

General Budget Policies Preliminary budgets for the ensuing year are prepared by the secretary-treasurer prior to December 31 of each year. 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.

The secretary-treasurer presents necessary budget amendments to the Police Jury during the year when, in her judgment, 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 published in the official journal.

The Police Jury exercises budgetary control at the functional level. Within functions the secretary-treasurer has the discretion to make changes as she deems necessary for proper control. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. Formal budgetary integration is employed as a management control device.

For the year ended December 31, 2003, cash basis budgets were adopted for the general fund and all special revenue funds, except the criminal court special revenue fund, which is exempt from the requirements Louisiana Revised Statutes 30:1301-1314 (Local Government Budget Act).

Community Action Agency of East Carroll Parish (Component Unit) Preliminary budgets of the Community Action Agency of East Carroll Parish for the ensuing year are prepared by the executive director in November and made available to the public. The budgets are then adopted by the Board of Directors of the Community Action Agency of East Carroll Parish during the regular December meeting. The proposed budgets are prepared on the modified accrual basis of accounting. The budgets are established and controlled by the Board of Directors at the function level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budgets must be approved by the Board and the grantor agencies.

Formal budgetary integration is employed as a management control device during the year.

Encumbrances Encumbrance accounting is not recognized within the accounting records for budgetary control purposes. Authorization for the eventual expenditure will be included in the following year's budget appropriations.

Budget Basis of Accounting All governmental funds' budgets are prepared on the cash basis of accounting. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

East Carroll Parish Police Jury

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2003

B. BUDGET TO GAAP RECONCILIATION - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General	Road Maintenance Construction	Garbage District No. 1	Library	Health Unit	Airport	Section 8 Voucher
<u>Sources/inflows of resources:</u>							
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 969,135	\$ 1,294,585	\$ 758,717	\$ 31,100	\$ 540,548	\$ 770,217	\$ 634,105
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(112,247)	(460,727)	(348,241)	203,106	(427,525)	(582)	0
Accrual of accounts receivable for financial reporting purposes	12,804	79,805	2,749	19,117	89	0	0
Transfers of tax collections to other funds classified as tax revenue for budgetary purposes and as a reduction of tax revenue for financial reporting	0	(47,522)	0	0	0	0	0
Transfers from other funds to offset expenditures classified as receipts for budgetary purposes and as a reduction of expenditure for financial reporting	(21,392)	(50,000)	0	0	0	(4,000)	0
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$848,300</u>	<u>\$ 816,141</u>	<u>\$413,225</u>	<u>\$253,323</u>	<u>\$113,112</u>	<u>\$ 765,635</u>	<u>\$634,105</u>

East Carroll Parish Police Jury

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2003

B. BUDGET TO GAAP RECONCILIATION - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General	Road Maintenance Construction	Garbage District No. 1	Library	Health Unit	Airport	Section 8 Voucher
<u>Uses/Outflows of resources:</u>							
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$764,790	\$889,561	\$423,100	\$243,040	\$79,656	\$769,756	\$624,058
Transfers from other funds to offset expenditures classified as receipts for budgetary purposes and as a reduction of expenditures for financial reporting	20,520	0	0	0	0	0	0
Accrual of accounts payable for financial reporting	29,818	(10,274)	0	0	0	0	0
Transfers of tax collections to other funds classified as a transfer out for budgetary purposes and as a reduction of tax revenue for financial reporting	7,146	(41,387)	7,324	0	3,582	0	0
Transfers to other funds classified as expenditures for budgetary purposes and as an operating transfer for financial reporting	(4,000)	(50,000)	0	0	0	0	0
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 818,274</u>	<u>\$ 787,900</u>	<u>\$430,424</u>	<u>\$243,040</u>	<u>\$83,238</u>	<u>\$769,756</u>	<u>\$624,058</u>

East Carroll Parish Police Jury

**Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2003**

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS The following fund had actual expenditures over budgeted expenditures for the year ended December 31, 2003:

<u>Major Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Airport	\$182,477	\$769,756	\$587,279
Library	236,089	243,040	6,951
Section 8	599,113	624,058	24,945

Actual expenditures exceeded appropriations as a result of unanticipated accruals occurring after the last budget revision.

East Carroll Parish Police Jury

SUPPLEMENTAL INFORMATION

East Carroll Parish Police Jury

**COMBINING
NONMAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE**

EAST CARROLL PARISH POLICE JURY
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
December 31, 2003

Exhibit 2

	SPECIAL REVENUE	DEBT SERVICE	TOTAL
ASSETS			
Cash and cash equivalents	\$ 120,814	\$ 27,536	\$ 148,150
Investments	110,934	0	110,934
Receivables	197,589	72,973	270,562
Interfund receivables	0	0	0
Prepaid items	20,652	0	20,652
	449,789	100,509	550,298
TOTAL ASSETS			
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	36,218	0	36,218
Interfund payables	0	0	0
	36,218	0	36,218
Total Liabilities			
 Fund Balances:			
Reserved for debt service	0	100,509	100,509
Unreserved, reported in Special Revenue	413,571	0	413,571
	413,571	100,509	514,080
Total Fund Balances			
TOTAL LIABILITIES AND FUND BALANCES	\$ 449,789	\$ 100,509	\$ 550,298

EAST CARROLL PARISH POLICE JURY

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended December 31, 2003**

Exhibit 3

	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>TOTAL</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 239,114	\$ 91,449	\$ 330,563
Intergovernmental revenues:			
Federal funds - federal grants	57,117	0	57,117
State funds:			
Other	12,490	0	12,490
Fees, charges, and commissions for services	0	0	0
Fines and forfeitures	0	0	0
Use of money and property	3,183	334	3,517
Other revenues	5,423	0	5,423
	<u>317,327</u>	<u>91,783</u>	<u>409,110</u>
EXPENDITURES			
Current:			
General government:			
Finance and administrative	7,360	6,767	14,127
Public safety	102,900	0	102,900
Public works	123,665	0	123,665
Health and welfare	73,861	0	73,861
Transportation	0	0	0
Debt service:			
Principal retirement	32,080	80,000	112,080
Interest and bank charges	5,822	9,500	15,322
Capital outlay	0	0	0
	<u>345,688</u>	<u>96,267</u>	<u>441,955</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(28,361)	(4,484)	(32,845)
FUND BALANCES - BEGINNING	<u>441,932</u>	<u>104,993</u>	<u>546,925</u>
FUND BALANCES - ENDING	<u>\$ 413,571</u>	<u>\$ 100,509</u>	<u>\$ 514,080</u>

East Carroll Parish Police Jury

NONMAJOR SPECIAL REVENUE FUNDS

DRAINAGE MAINTENANCE The drainage maintenance fund accounts for the maintenance of the parish drainage system. Financing is provided by ad valorem taxes.

RURAL FIRE The rural fire fund accounts for resources for fire protection provided to the residents of East Carroll Parish and is financed by ad valorem tax.

HEAD START The Head Start fund serves children from birth to age 5, pregnant women, and their families. The goal is to increase the school readiness of young children in low-income families.

RURAL FIRE PROTECTION The rural fire protection fund accounts for grant funds provided by USDA, FEMA and Louisiana Community Development Block Grants. These grants are used to enhance existing equipment, purchase new equipment, emergencies, and construction of a new fire house.

LAKESIDE WALKING TRAIL The Lakeside Walking Trail fund accounts for funds which will be used to create and landscape a walking trail for East Carroll Parish residents.

East Carroll Parish Police Jury



EAST CARROLL PARISH POLICE JURY
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2003

	<u>DRAINAGE</u> <u>MAINTENANCE</u>	<u>RURAL</u> <u>FIRE</u>	<u>HEADSTART</u>
ASSETS			
Cash and cash equivalents	\$ 111,840	\$ 4,134	\$ 0
Investments	51,689	59,245	0
Receivables	146,092	51,497	0
Interfund receivables	0	0	0
Prepaid items	0	0	20,652
TOTAL ASSETS	<u>309,621</u>	<u>114,876</u>	<u>20,652</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts, salaries and other payables	112	1,569	34,537
Interfund payables	0	0	0
Total Liabilities	<u>112</u>	<u>1,569</u>	<u>34,537</u>
Fund Balances:			
Unreserved and undesignated	<u>309,509</u>	<u>113,307</u>	<u>(13,885)</u>
Total Fund Balance	<u>309,509</u>	<u>113,307</u>	<u>(13,885)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 309,621</u>	<u>\$ 114,876</u>	<u>\$ 20,652</u>

Exhibit 4

RURAL FIRE PROTECTION	LAKESIDE WALKING TRAIL	TOTAL
\$ 0	\$ 4,640	\$ 120,614
0	0	110,934
0	0	197,589
0	0	0
0	0	20,652
<u>0</u>	<u>4,640</u>	<u>449,789</u>
0	0	36,218
0	0	0
<u>0</u>	<u>0</u>	<u>36,218</u>
<u>0</u>	<u>4,640</u>	<u>413,571</u>
<u>0</u>	<u>4,640</u>	<u>413,571</u>
<u>\$ 0</u>	<u>\$ 4,640</u>	<u>\$ 449,789</u>

EAST CARROLL PARISH POLICE JURY
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2003

	<u>DRAINAGE MAINTENANCE</u>	<u>RURAL FIRE</u>	<u>HEADSTART</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 185,744	\$ 53,370	\$ 0
Intergovernmental revenues:			
Federal funds - federal grants	0	24,966	20,694
State funds:			
Other	0	12,490	0
Fees, charges, and commissions for services	0	0	0
Use of money and property	2,298	855	30
Other revenues	451	332	0
Total Revenues	<u>188,493</u>	<u>92,013</u>	<u>20,724</u>
EXPENDITURES			
Current:			
General government:			
Finance and administrative	0	0	7,360
Public safety	0	91,443	0
Public works	123,665	0	0
Health and welfare	0	0	73,861
Transportation	0	0	0
Debt service:			
Principal retirement	32,080	0	0
Interest and bank charges	5,822	0	0
Capital outlay	0	0	0
Total Expenditures	<u>161,567</u>	<u>91,443</u>	<u>81,221</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>26,926</u>	<u>570</u>	<u>(60,497)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	0	0
Transfers out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	26,926	570	(60,497)
FUND BALANCES - BEGINNING	<u>282,583</u>	<u>112,737</u>	<u>46,612</u>
FUND BALANCES - ENDING	<u>\$ 309,509</u>	<u>\$ 113,307</u>	<u>\$ (13,885)</u>

Exhibit 5

<u>RURAL FIRE PROTECTION</u>	<u>LAKESIDE WALKING TRAIL</u>	<u>TOTAL</u>
\$ 0	\$ 0	239,114
11,457	0	57,117
0	0	12,490
0	0	0
0	0	3,183
0	4,640	5,423
<u>11,457</u>	<u>4,640</u>	<u>317,327</u>
0	0	7,360
11,457	0	102,900
0	0	123,665
0	0	73,861
0	0	0
0	0	32,080
0	0	5,822
0	0	0
<u>11,457</u>	<u>0</u>	<u>345,688</u>
<u>0</u>	<u>4,640</u>	<u>(28,361)</u>
0	0	0
0	0	0
0	0	0
0	4,640	(28,361)
0	0	441,932
<u>\$ 0</u>	<u>\$ 4,640</u>	<u>\$ 413,571</u>

East Carroll Parish Police Jury

GENERAL

Exhibit 6

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.

**Schedule of Compensation Paid Police Jurors
For the Year Ended December 31, 2003**

Joseph Jackson, President	\$ 8,400
Kendall Thompson	7,044
Roger Clement	7,200
Shelby Perry	7,200
Patricia Roberson	7,200
Charles Vining, Jr.	6,600
James Bryant	7,200
Darrin Dixon	7,200
John E. Shoemaker	7,200
Billy Travis	<u>445</u>
Total	<u>\$65,689</u>

**East Carroll Parish Police Jury
Lake Providence, Louisiana**

**Single Audit Report
And Other Information
As of and for the Year Ended December 31, 2003**

**East Carroll Parish Police Jury
Lake Providence, Louisiana**

**Single Audit Report
And Other Information
As of and for the Year Ended December 31, 2003**

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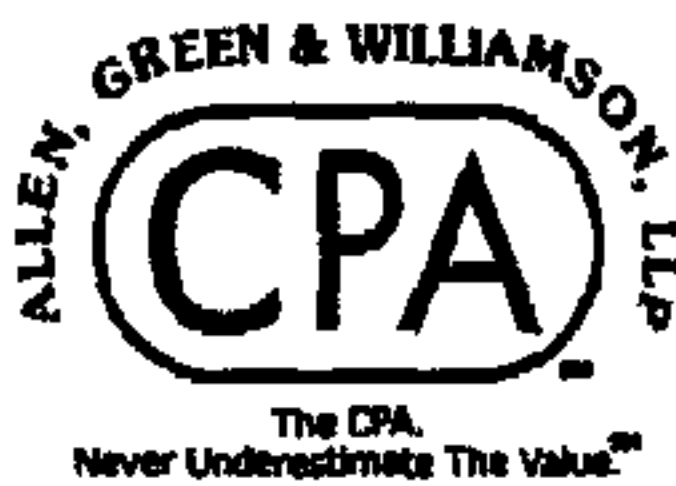
East Carroll Parish Police Jury

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

**OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR No. A-133**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.



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(Retired)
1963 - 2000

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

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

We have audited the financial statements of East Carroll Parish Police Jury, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 28, 2004. Our report was qualified because certain component units were omitted from the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Police Jury's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 03-F1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Police Jury's internal control over financial reporting in order to determine our auditing procedures for the purpose of forming opinions on the financial statements that collectively comprise the Police Jury's basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Police Jury's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-F2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

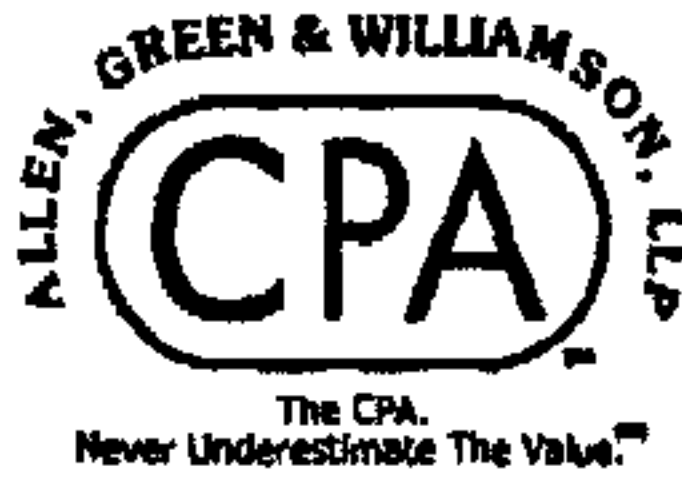
Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

This report is intended solely for the information and use of the Police Jurors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 28, 2004



ALLEN, GREEN & WILLIAMSON, LLP

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

Compliance

We have audited the compliance of the East Carroll Parish Police Jury, Lake Providence, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. The Police Jury's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Police Jury's management. Our responsibility is to express an opinion on East Carroll Parish Police Jury's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Police Jury's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Police Jury's compliance with those requirements.

In our opinion the Policy Jury complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 03-F3, 03-F4, and 03-F5.

Internal Control Over Compliance

The management of the Police Jury is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Police Jury's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Police Jury, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 28, 2004. Our report was qualified because certain component units were omitted from the financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Police Jury's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the financial statements of the Police Jury. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Police Jurors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 28, 2004

East Carroll Parish Police Jury

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Housing and Urban Development			
Direct Programs:			
Section 8 Housing Choice Voucher Program	14.871	FW2118	\$ 631,329
Passed Through Louisiana Office of Community Development:			
Community Development Block Grant	14.228	N/A	<u>172,604</u>
Total United States Department of Housing and Urban Development			<u>803,933</u>
United States Department of Health and Human Services			
Direct Program:			
Head Start	93.600	06CH0020/25&26	20,694
Passed Through Louisiana Department of Labor:			
Community Services Block Grant	13.792	N/A	93,651
Passed Through Louisiana Department of Social Services:			
Low-Income Home Energy Assistance	13.789	N/A	31,597
Temporary Assistance for Needy Families	93.558	N/A	<u>2,808</u>
Total United States Department of Health and Human Services			<u>148,750</u>
Federal Emergency Management Agency			
Passed Through United Way of America:			
Federal Emergency Food and Shelter	83.523	N/A	11,591
Passed Through Louisiana Department of Economic Development			
State Disaster Preparedness Grants	83.505	N/A	<u>24,966</u>
Total Federal Emergency Management			<u>36,557</u>
Federal Aviation Administration			
Direct Program:			
Airport Improvement Program	20.106	3-22-0027-001-2002	<u>687,272</u>
Total Aviation Administration			<u>687,272</u>
TOTAL CASH FEDERAL AWARDS			<u>1,676,512</u>
NON CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution Program	10.550	N/A	<u>33,000</u>
TOTAL NON CASH FEDERAL AWARDS			<u>33,000</u>
TOTAL FEDERAL AWARDS			<u>\$1,709,512</u>

East Carroll Parish Police Jury

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003**

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the East Carroll Parish Police Jury, Lake Providence, Louisiana. The East Carroll Parish Police Jury (the "Police Jury") reporting entity is defined in note 1 to the Police Jury's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Police Jury's financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Police Jury's fund financial statements as follows:

	<u>Federal Sources</u>
Major funds:	
Airport	\$ 687,272
Section 8 Voucher	631,329
Other Governmental	218,264
Component Unit - Community Action Agency	<u>172,647</u>
Total	<u>\$1,709,512</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES AND STATE FUNDING

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

East Carroll Parish Police Jury

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was qualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.

The reportable condition was not considered to be a material weakness.
- iii. There was one instance of noncompliance that was considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:

CFDA #20.106 Airport Improvement Program
CFDA #14.871 Section 8 Housing Choice Voucher Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

East Carroll Parish Police Jury

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: 03-F1 5% Budget Variances

Entity-wide or program/department specific: This finding is specific to the airport special revenue fund.

Criteria or specific requirement: LSA-R.S. 39:1310 requires the chief executive or administrative officer to advise the governing authority or independently elected official in writing when total expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted revenues/expenditures and other uses by five percent or more.

Condition found: The Police Jury had the following unfavorable budget variances for expenditures which exceeded 5%:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Budget</u>
Airport	\$182,477	\$769,756	\$587,279

Proper perspective for judging the prevalence and consequences: The Police Jury is required by state statute to adopt budgets for the general fund and all special revenue funds. In total, the Police Jury adopted budgets for seven different funds.

Possible asserted effect (cause and effect):

Cause: The Police Jury failed to include a portion of a federal and state grant received and related expenditures.

Effect: The Police Jury is in violation of LSA-R.S. 39:1310.

Recommendations to prevent future occurrences: The Police Jury should monitor revenues/expenditures and amend budgets as needed.

Reference # and title: 03-F2 Bank Reconciliations Not Prepared

Entity-wide or program/department specific: This finding is related to the payroll clearing account.

Criteria or specific requirement: In order to maintain adequate controls over cash and capture correct reporting information, bank reconciliations should be prepared in a timely manner.

Condition found: There was an unreconciled difference between the general ledger account and the bank balance of the payroll clearing fund which had not been explained.

East Carroll Parish Police Jury

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Proper perspective for judging the prevalence and consequences: There was an unreconciled difference of approximately \$6,000.

Possible asserted effect (cause and effect):

Cause: The bank reconciliations are generated from the general ledger software. Although there were entries made into the reconciliation software in the form of outstanding checks, there was no beginning bank balance entered and all reconciliations came out to a zero general ledger balance. The bank balance amount less outstanding checks did not equal the general ledger amount.

Effect: The reconciliation was incomplete because there was no reconciliation of the difference between the bank balance and the total outstanding checks.

Recommendations to prevent future occurrences: The payroll clearing account should be reconciled on a monthly basis and any reconciling items fully explained.

East Carroll Parish Police Jury

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

**PART III - Findings and questioned costs for federal awards which are required to be reported under
OMB Circular No. A-133 Section .510(a):**

Reference # and title: **03-F3** **Section 8 Landlord/Resident Files**

Entity-wide or program/department specific: This finding is specific to the Section 8 Voucher program.

Criteria or specific requirement: HUD guidance for the Form 50058 contains requirements that certain information be maintained in the resident files. This information includes birth certificates, verification of full-time student status, inspection reports, income verification, social security numbers for residents six years or older, and other documentation.

Condition found: Fifteen files were randomly selected. The following discrepancies were noted:

1. One file had a social security number which did not match the form 50058.
2. One file did not contain a signed lease renewal form.
3. Two files did not contain proof of full-time student status.
4. One file did not contain proof of a stated disability.
5. One file was missing a birth certificate.
6. One file had a different birth date on the form 50058.
7. One file had no verification for \$7,776 in income.
8. One file contained a letter to the landlord requesting repairs. There was nothing in the file to indicate that repairs had been done and there were no HAP payments withheld.

Proper perspective for judging the prevalence and consequences: The Police Jury administers 142 Section 8 Vouchers. Fifteen files were tested.

Possible asserted effect (cause and effect):

Cause: There is no quality control system in place to ensure that all required elements are contained in the files.

Effect: Eligibility is not fully documented for some residents.

Recommendations to prevent future occurrences: A system should be established such as a checklist to ensure that all required items are included in the files and the files should be reviewed to ensure that all items are included.

East Carroll Parish Police Jury

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

**PART III - Findings and questioned costs for federal awards which are required to be reported under
OMB Circular No. A-133 Section .510(a):**

Reference # and title: 03-F4 Documentation of Rent Reasonableness

Entity-wide or program/department specific: This finding is specific to the Section 8 Housing Choice Voucher program.

Criteria or specific requirement: To ensure that the rents charged to the Section 8 Housing Choice Voucher program are reasonable administration must compare the rent, for the Voucher Units to rents or similar unassisted units in the market place as well as compare the rent to rents for similar units on the premises.

Condition found: Documentation could not be provided for rent reasonableness comparisons.

Proper perspective for judging the prevalence and consequences: A total of 142 housing choice vouchers were issued in 2003 at a cost of \$487,584 in housing assistance payments.

Possible asserted effect (cause and effect):

Cause: The Section 8 administrator was not aware that this needed to be done and was using fair market values as a comparison.

Effect: Section 8 is not in compliance with the rent reasonableness regulations.

Recommendations to prevent future occurrences: The Section 8 administrator should devise a plan for gathering information for rental costs in the area including, but not limited to, newspaper realty ads, shopper newspapers with realty ads, bulletin boards and real estate companies who deal in rental property.

Reference # and title: 03-F5 Utility Allowance Review

Entity-wide or program/department specific: This finding is specific to the Section 8 Housing Choice Voucher program, CFDA #14.871.

Criteria or specific requirement: Section 8 must maintain an up-to-date utility allowance schedule. Section 8 must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of ten percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised (24 CFR section 982.517).

Condition found: Section 8 could not provide documentation for the review of utility rate information.

East Carroll Parish Police Jury

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Possible asserted effect (cause and effect):

Cause: The utility rate review was done by a consultant and documentation was not retained.

Effect: The Police Jury does not have written documentation to support the utility allowance schedule.

Recommendations to prevent future occurrences: The process of reviewing the utility allowances should be documented in writing along with the rates obtained from utility companies.

East Carroll Parish Police Jury

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. A-133. This information has been prepared by the management of the East Carroll Parish Police Jury. Management accepts full responsibility, as required by OMB Circular No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular A-133 Section 500(e), and accordingly, no opinion is expressed. Section 500(e) requires the auditor to follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

East Carroll Parish Police Jury

**Summary Schedule of Prior Audit Findings
December 31, 2003**

Reference # and title: **02-F1** **Incomplete Fixed Assets Listing**

Initially occurred: December 31, 2001.

Finding: In order to follow generally accepted accounting principals related to valuation and completeness, an entity should have a system in place which provides documentation of all additions and deletions to the capital assets as well as providing a schedule of depreciation.

The Police Jury does not have a method for ensuring that all assets are added to the fixed asset listing. Due to this fact approximately \$400,000 of equipment was not added to the fixed asset listing.

Partial corrective action taken: See Management Letter Item 03-M4.

Reference # and title: **02-F2** **Bank Reconciliations Not Prepared Timely**

Initially occurred: December 31, 2002.

Finding: In order to maintain adequate controls over cash and capture correct reporting information, bank reconciliations should be prepared in a timely manner.

There was an unreconciled difference between the general ledger account and the bank balance which had not been explained.

Corrective action planned: See Finding 03-F2.

Reference # and title: **02-F3** **Section 8 Landlord/Resident Files**

Initially occurred: December 31, 2002.

Finding: This finding is a result of performing the procedures outlined in the U. S. Office of Management and Budget "A-133 Compliance Supplement" for Section 8 regarding eligibility and special tests and procedures.

Condition found: The auditors selected housing assistance payments (HAP) from the disbursements journals from various months in 2002. Of the 15 files selected for testing the following conditions were found:

- Two instances where the recertification (updated 50058) could not be located.
- One instance where income had not been verified.
- One instance where full-time student status had not been verified.
- Two instances where the income verification did not match the amounts listed on the recertification.
- Fourteen instances where reinspections had not been documented.

Corrective action planned: See finding 03-F3.

East Carroll Parish Police Jury

**Summary Schedule of Prior Audit Findings
December 31, 2003**

Reference # and title: **02-F4** **Lack of Comparability in Head Start Reports**

Initially occurred: December 31, 2002.

Finding: Various reports issued to Head Start should have comparable data for the same periods reported. The data for these reports should be traceable to the accounting records.

The cash transaction reports showed a total of \$871,623 in outlays. The income statement for the same period (7/1/01 to 6/30/02) showed \$793,769.

Corrective action taken: The Police Jury is no longer the oversight agency for the Head Start program and does not submit the reports.

Reference # and title: **02-F5** **Unauthorized Purchases on Credit Cards**

Initially occurred: December 31, 2002.

Finding: Credit cards should be locked up and released only to authorized signers and returned after the purchase is made. Purchase orders should be issued for all purchases and receipts received when the credit card is returned to the custodian.

An authorized check signer made unauthorized purchases on two Head Start credit cards totaling \$7,426. The bills were mailed to the Head Start office and the person making the unauthorized purchases did not forward the bills to the Police Jury office for payment. The bank contacted the Police Jury when the payments were past due and the Police Jury personnel requested copies of the statements. Suspicious purchases were noted on the statements and investigated. Payments for the unauthorized purchases were not made by the Police Jury or Head Start. The person making the unauthorized purchases repaid the amount of the unauthorized purchases to the bank and the bank applied the payments to the credit card bill.

Corrective action taken: Reparations were made for the unauthorized use of the credit card, all unauthorized credit cards were confiscated, and all credit cards are now locked up in the police jury offices.

East Carroll Parish Police Jury

**Corrective Action Plan for Current-Year Findings and Questioned Cost
December 31, 2003**

Reference # and title: 03-F1 5% Budget Variances

Finding: LSA-R.S. 39:1310 requires the chief executive or administrative officer to advise the governing authority or independently elected official in writing when total expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted revenues/expenditures and other uses by five percent or more.

The Police Jury had the following unfavorable budget variances for revenues/expenditures which exceeded 5%:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Budget</u>
Airport	\$182,477	\$769,756	\$587,279

Corrective action planned: The Secretary-Treasurer will advise the Police Jury in writing when total expenditures and other uses for the remainder of the year, within a fund, exceeds the total budgeted revenues/expenditures and other uses by five percent or more.

Person responsible for corrective action:

Elisha Matthews, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254

Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31, 2004.

Reference # and title: 03-F2 Bank Reconciliations Not Prepared

Finding: In order to maintain adequate controls over cash and capture correct reporting information, bank reconciliations should be prepared in a timely manner.

There was an unreconciled difference between the general ledger account and the bank balance which had not been explained.

Corrective action planned: All bank statements will be reconciled on a timely basis and any reconciling items or unreconciled differences will be researched and explained.

Person responsible for corrective action:

Elisha Matthews, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254

Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31, 2004.

East Carroll Parish Police Jury

**Corrective Action Plan for Current-Year Findings and Questioned Cost
December 31, 2003**

Reference # and title: **03-F3** **Section 8 Landlord/Resident Files**

Finding: HUD guidance for the Form 50058 contains requirements that certain information be maintained in the resident files. This information includes birth certificates, verification of full-time student status, inspection reports, income verification, social security numbers for residents six years or older, and other documentation.

Fifteen files were randomly selected. The following discrepancies were noted:

1. One file had a social security number which did not match the form 50058.
2. One file did not contain a signed lease renewal form.
3. Two files did not contain proof of full-time student status.
4. One file did not contain proof of a stated disability.
5. One file was missing a birth certificate.
6. One file had a different birth date on the form 50058.
7. One file had no verification for \$7,776 in income.
8. One file contained a letter to the landlord requesting repairs. There was nothing in the file to indicate that repairs had been done and there were no HAP payments withheld.

Corrective action planned: All files will be compared to the checklist on a periodic basis to assure completeness and all verifying documents will be double-checked to ensure the correct transfer of information to the file.

Person responsible for corrective action:

Elisha Matthews, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254

Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31, 2004.

Reference # and title: **03-F4** **Documentation of Rent Reasonableness**

Finding: To ensure that the rents charged to the Section 8 Housing Choice Voucher program are reasonable administration must compare the rent, for the Voucher Units to rents or similar unassisted units in the market place as well as compare the rent to rents for similar units on the premises.

Documentation could not be provided for rent reasonableness comparisons.

Corrective action planned: The Section 8 Director will devise a plan for gathering information for rental costs in the area/surrounding areas.

East Carroll Parish Police Jury

**Corrective Action Plan for Current-Year Findings and Questioned Cost
December 31, 2003**

Person responsible for corrective action:

Elisha Matthews, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254

Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31, 2004.

Reference # and title:

03-F5

Utility Allowance Review

Finding: Section 8 must maintain an up-to-date utility allowance schedule. Section 8 must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of ten percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised (24 CFR section 982.517).

Section 8 could not provide documentation for the review of utility rate information.

Corrective action planned: The Section 8 Director will document in writing the process of reviewing utility allowances as well as the rates obtained from the utility companies.

Person responsible for corrective action:

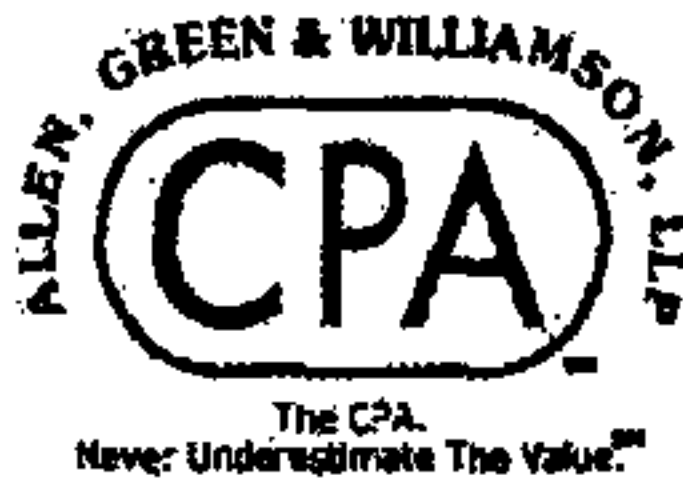
Elisha Matthews, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254

Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31, 2004.

East Carroll Parish Police Jury

Management Letter Items



ALLEN, GREEN & WILLIAMSON, LLP

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Management Letter

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

In planning and performing our audit of the financial statements of the East Carroll Parish Police Jury for the year ended December 31, 2003, we considered the Police Jury's internal control to plan our auditing procedures for the purpose of forming opinions on the financial statements that collectively comprise the Police Jury's basic financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 28, 2004, on the financial statements of the Police Jury. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Management's responses have also been included. We have performed no audit work to verify the content of the responses.

03-M1 Payroll Documentation Incomplete

Comment: Federal law requires that all employees hired after November 6, 1986, must complete an Employment Eligibility form (I-9) and the proper documentation which must accompany the form must be viewed and verified by the employer. Two of the seventeen files tested did not contain this information.

Recommendations: Current procedures for hiring new employees should be reviewed to ascertain if changes should be made to these procedures. If possible, all current payroll files should be examined for proper documentation.

Management's response: All employees with a hire date after November 6, 1986 will have a form I-9 in their personnel files.

03-M2 Bank Accounts Are Not Earning Interest

Comment: When possible, cash should be deposited in institutions where the cash will earn interest. At December 31, 2003, a total of \$334, 647 was deposited in non-interest-bearing accounts.

Recommendations: The Police Jury should consider their options for placing their funds in interest-bearing accounts.

Management's response: When our annual depository bids allow, cash will be deposited in institutions where interest can be earned.

03-M3 Quality Control Inspections Undocumented

Comment: HUD requires that a sample of housing quality inspections be reinspected for quality control assurance. Although the Section 8 administration stated that she often accompanied the inspector on his inspections, there was no evidence to support this.

Recommendations: Documentation regarding quality control reinspections should be generated and kept in the files.

Management's response: All quality control inspections will be documented in writing and kept in a file.

03-M4 Fixed Asset Listing Incomplete

Comment: Good internal controls require that records be maintained for land, buildings, equipment and other assets which were purchased or otherwise obtained. The garbage fund is not being kept on a computerized listing as the other funds are. They are being kept in a file folder.

Recommendations: The Police Jury should add the garbage fund to its fixed asset listing.

Management's response: Fixed Asset Listings for all funds will be maintained on the computer.

* * * * *

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

This report is intended solely for the information and use of the Police Jurors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana

June 28, 2004