

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

FINANCIAL REPORT

December 31, 2003

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

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Police Jurors
Morehouse Parish Police Jury
Bastrop, Louisiana

We have audited the accompanying general-purpose financial statements of Morehouse Parish Police Jury, primary government, as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of Morehouse Parish Police Jury. Our responsibility is to express an opinion on these general-purpose 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the general-purpose financial statements referred to in the first paragraph include the financial statements of the primary government, Ward Two Cemetery, Bastrop Fire District Two, and Fourth Judicial District Criminal Court. The general-purpose financial statements referred to in the first paragraph do not include financial data of the other component units which should be included in order to conform with accounting principles generally accepted in the United States of America. The effect of the omission of these component units is unknown.

In our opinion, except for the effects on the general-purpose financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Morehouse Parish Police Jury, as of December 31, 2003, and the results of its operations 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 our report dated June 14, 2004, on our consideration of Morehouse Parish Police Jury's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements and financial information listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Morehouse Parish Police Jury. The schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The combining financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Hill, Ogden & Co.

June 14, 2004

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNITS

December 31, 2003

With Comparative Totals for December 31, 2002

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 177,425	\$ 1,588,791	\$ 27,156
Investments	-	160,000	-
Receivables	424,605	1,220,286	3,058
Due from other funds	18,214	20,911	-
Fixed assets	-	-	-
Other debits:			
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	<u>\$ 620,244</u>	<u>\$ 2,989,988</u>	<u>\$ 30,214</u>

<u>Account Groups</u>		Primary Government Totals - (Memorandum Only)	Component Units	Reporting Entity Totals - (Memorandum Only)	
General Fixed Assets	General Long-Term Debt			<u>December 31,</u> 2003	<u>2002</u>
\$ -	\$ -	\$ 1,793,372	\$ 355,232	\$ 2,148,604	\$ 2,452,285
-	-	160,000	-	160,000	75,000
-	-	1,647,949	388,747	2,036,696	1,832,089
-	-	39,125	-	39,125	68,200
16,143,221	-	16,143,221	475,819	16,619,040	16,911,407
<u>-</u>	<u>86,801</u>	<u>86,801</u>	<u>9,997</u>	<u>96,798</u>	<u>105,224</u>
<u>\$ 16,143,221</u>	<u>\$ 86,801</u>	<u>\$ 19,870,468</u>	<u>\$ 1,229,795</u>	<u>\$ 21,100,263</u>	<u>\$ 21,444,205</u>

(continued)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

December 31, 2003

With Comparative Totals for December 31, 2002

Governmental Fund Types

LIABILITIES, EQUITY, AND OTHER CREDITS	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Liabilities:			
Accounts payable	\$ 78,471	\$ 116,719	\$ -
Due to other funds	20,368	6,627	-
Deferred revenue	348,703	1,083,591	-
Property taxes paid under protest	11,995	18,918	-
Claims and judgments payable	-	-	-
Compensated absences payable	-	-	-
Total liabilities	<u>\$ 459,537</u>	<u>\$ 1,225,855</u>	<u>\$ -</u>
Equity and other credits:			
Investment in general fixed assets	\$ -	\$ -	\$ -
Fund balances:			
Reserved for debt service/hospital district	-	-	30,214
Unreserved and undesignated	<u>160,707</u>	<u>1,764,133</u>	<u>-</u>
Total equity and other credits	<u>\$ 160,707</u>	<u>\$ 1,764,133</u>	<u>\$ 30,214</u>
Total liabilities, equity, and other credits	<u>\$ 620,244</u>	<u>\$ 2,989,988</u>	<u>\$ 30,214</u>

See notes to financial statements.

<u>Account Groups</u>		Primary Government Totals - (Memorandum Only)	Component Units	Reporting Entity Totals - (Memorandum Only)	
General Fixed Assets	General Long-Term Debt			<u>December 31,</u> 2003	<u>December 31,</u> 2002
\$ -	\$ -	\$ 195,190	\$ 6,976	\$ 202,166	\$ 214,151
-	-	26,995	12,130	39,125	68,200
-	-	1,432,294	182,578	1,614,872	1,566,661
-	-	30,913	4,910	35,823	35,823
-	53,329	53,329	-	53,329	111,430
-	33,472	33,472	9,997	43,469	43,794
<u>\$ -</u>	<u>\$ 86,801</u>	<u>\$ 1,772,193</u>	<u>\$ 216,591</u>	<u>\$ 1,988,784</u>	<u>\$ 2,040,059</u>
\$ 16,143,221	\$ -	\$ 16,143,221	\$ 475,819	\$ 16,619,040	\$ 16,911,407
-	-	30,214	-	30,214	29,763
-	-	1,924,840	537,385	2,462,225	2,462,976
<u>\$ 16,143,221</u>	<u>\$ -</u>	<u>\$ 18,098,275</u>	<u>\$ 1,013,204</u>	<u>\$ 19,111,479</u>	<u>\$ 19,404,146</u>
<u>\$ 16,143,221</u>	<u>\$ 86,801</u>	<u>\$ 19,870,468</u>	<u>\$ 1,229,795</u>	<u>\$ 21,100,263</u>	<u>\$ 21,444,205</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended December 31, 2003
With Comparative Totals for the Year Ended December 31, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Taxes	\$ 351,772	\$ 2,544,532	\$ 272	\$ -
Licenses and permits	114,612	-	-	-
Intergovernmental	1,111,053	434,347	-	35,803
Fees, charges, and commissions for services	137	9,902	-	-
Fines and forfeitures	-	-	-	-
Interest and miscellaneous	50,424	40,411	179	-
	<u>\$ 1,627,998</u>	<u>\$ 3,029,192</u>	<u>\$ 451</u>	<u>\$ 35,803</u>
Expenditures:				
Current:				
General government:				
Legislative	\$ 94,795	\$ -	\$ -	\$ -
Judicial	244,092	11,999	-	-
Elections	42,422	5,415	-	-
Finance and administrative	316,929	70,440	-	-
Other	57,228	27,341	-	-
Public safety	374,047	87,653	-	-
Public works	-	2,690,612	-	-
Health and welfare	102,715	66,049	-	-
Culture and recreation	291	-	-	-
Economic development and assistance	503,343	-	-	-
Claims and judgements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	5,648	-	-	-
Capital outlay	-	-	-	35,803
	<u>\$ 1,741,510</u>	<u>\$ 2,959,509</u>	<u>\$ -</u>	<u>\$ 35,803</u>

Primary Government Totals - (Memorandum Only)	Component Units	Reporting Entity Totals - (Memorandum Only) For the Year Ended December 31,	
		2003	2002
\$ 2,896,576	\$ 174,375	\$ 3,070,951	\$ 2,879,110
114,612	-	114,612	107,360
1,581,203	376,235	1,957,438	2,090,666
10,039	-	10,039	18,209
-	153,320	153,320	206,984
91,014	179,949	270,963	223,037
<u>\$ 4,693,444</u>	<u>\$ 883,879</u>	<u>\$ 5,577,323</u>	<u>\$ 5,525,366</u>
\$ 94,795	\$ -	\$ 94,795	\$ 95,224
256,091	339,976	596,067	566,913
47,837	-	47,837	38,779
387,369	-	387,369	345,389
84,569	-	84,569	59,102
461,700	485,945	947,645	910,484
2,690,612	-	2,690,612	2,592,305
168,764	14,883	183,647	197,604
291	-	291	1,124
503,343	-	503,343	327,007
-	-	-	50,000
-	-	-	11,000
5,648	-	5,648	5,309
35,803	-	35,803	993,239
<u>\$ 4,736,822</u>	<u>\$ 840,804</u>	<u>\$ 5,577,626</u>	<u>\$ 6,193,479</u>

(continued)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)
For the Year Ended December 31, 2003
With Comparative Totals for the Year Ended December 31, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Excess (deficiency) of revenues over expenditures	\$(113,512)	\$ 69,683	\$ 451	\$ -
Other financing sources (uses):				
Sale of assets	-	-	-	-
Operating transfers in (out)	<u>41,962</u>	<u>(41,750)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$(71,550)	\$ 27,933	\$ 451	\$ -
Fund balances - beginning	<u>232,257</u>	<u>1,736,200</u>	<u>29,763</u>	<u>-</u>
Fund balances - ending	<u>\$ 160,707</u>	<u>\$ 1,764,133</u>	<u>\$ 30,214</u>	<u>\$ -</u>

See notes to financial statements.

Primary Government Totals - (Memorandum Only)	Component Units	Reporting Entity Totals - (Memorandum Only) For the Year Ended December 31,	
		2003	2002
\$ (43,378)	\$ 43,075	\$ (303)	\$ (668,113)
-	-	-	1,804
<u>212</u>	<u>(212)</u>	<u>-</u>	<u>-</u>
\$ (43,166)	\$ 42,863	\$ (303)	\$ (666,309)
<u>1,998,220</u>	<u>494,522</u>	<u>2,492,742</u>	<u>3,159,051</u>
<u>\$ 1,955,054</u>	<u>\$ 537,385</u>	<u>\$ 2,492,439</u>	<u>\$ 2,492,742</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended December 31, 2003

	<u>General</u>		Variance - Favorable	
	<u>Budget</u>	<u>Actual</u>	(Unfavorable)	<u>Budget</u>
Revenues:				
Taxes	\$ 357,474	\$ 347,956	\$(9,518)	\$ 2,388,445
Licenses and permits	- 102,517	114,421	11,904	-
Intergovernmental	970,954	1,102,367	131,413	443,469
Fee, charges, and commissions for services	236	137	(99)	30,000
Fines and forfeitures	-	-	-	-
Interest and miscellaneous	49,660	50,467	807	79,467
	<u>\$ 1,480,841</u>	<u>\$ 1,615,348</u>	<u>\$ 134,507</u>	<u>\$ 2,941,381</u>
Expenditures:				
Current:				
General government:				
Legislative	\$ 94,871	\$ 94,740	\$ 131	\$ -
Judicial	287,121	291,870	(4,749)	31,000
Elections	40,046	38,661	1,385	5,415
Finance and administrative	310,172	302,816	7,356	70,440
Other	26,571	57,228	(30,657)	30,482
Public safety	355,707	337,992	17,715	147,497
Public works	-	-	-	3,068,894
Health and welfare	95,835	93,763	2,072	107,779
Culture and recreation	600	291	309	-
Economic development and assistance	506,991	503,343	3,648	-
Debt service:				
Principal	-	-	-	-
Interest	-	5,648	(5,648)	-
	<u>\$ 1,717,914</u>	<u>\$ 1,726,352</u>	<u>\$(8,438)</u>	<u>\$ 3,461,507</u>

Governmental Fund Types

<u>Special Revenue</u>			<u>Debt Service</u>			<u>Component Units</u>		
<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	
\$ 2,423,979	\$ 35,534	\$ 26,670	\$ 272	\$ (26,398)	\$ 161,970	\$ 171,924	\$ 9,954	
-	-	-	-	-	-	-	-	
435,407	(8,062)	-	-	-	349,260	341,643	(7,617)	
9,568	(20,432)	-	-	-	-	-	-	
-	-	-	-	-	237,000	163,669	(73,331)	
43,270	(36,197)	125	149	24	121,638	179,897	58,259	
<u>\$ 2,912,224</u>	<u>\$ (29,157)</u>	<u>\$ 26,795</u>	<u>\$ 421</u>	<u>\$ (26,374)</u>	<u>\$ 869,868</u>	<u>\$ 857,133</u>	<u>\$ (12,735)</u>	

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,749	19,251	-	-	-	351,338	339,975	11,363
5,415	-	-	-	-	-	-	-
70,440	-	-	-	-	-	-	-
27,341	3,141	-	-	-	-	-	-
89,114	58,383	-	-	-	503,460	480,863	22,597
2,577,819	491,075	-	-	-	-	-	-
64,692	43,087	-	-	-	22,373	16,775	5,598
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	26,795	-	26,795	-	-	-
<u>\$ 2,846,570</u>	<u>\$ 614,937</u>	<u>\$ 26,795</u>	<u>\$ -</u>	<u>\$ 26,795</u>	<u>\$ 877,171</u>	<u>\$ 837,613</u>	<u>\$ 39,558</u>

(continued)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS (Continued)
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>General Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>
Excess (deficiency) of revenues over expenditures	\$(237,073)	\$(111,004)	\$ 126,069	\$(520,126)
Other financing sources (uses):				
Sale of fixed assets	-	-	-	936
Operating transfers in (out)	<u>42,654</u>	<u>41,962</u>	<u>(692)</u>	<u>(45,400)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$(194,419)	\$(69,042)	\$ 125,377	\$(564,590)
Fund balances - beginning (non-GAAP and GAAP budgetary basis)	<u>194,419</u>	<u>232,257</u>	<u>37,838</u>	<u>564,590</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	\$ 163,215	<u>\$ 163,215</u>	<u>\$ -</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals		22,080		
Deferred revenue accruals		(9,428)		
Expenditure accruals		<u>(15,160)</u>		
Fund balances - ending (GAAP basis)		<u>\$ 160,707</u>		

See notes to financial statements.

Governmental Fund Types

Special Revenue

Debt Service

Component Units

<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 65,654	\$ 585,780	\$ -	\$ 421	\$ 421	\$ (7,303)	\$ 19,520	\$ 26,823
-	(936)	-	-	-	-	-	-
(41,750)	3,650	-	-	-	(250)	(213)	37
\$ 23,904	\$ 588,494	\$ -	\$ 421	\$ 421	\$ (7,553)	\$ 19,307	\$ 26,860
1,736,200	1,171,610	-	29,763	29,763	7,553	494,522	486,969
\$ 1,760,104	\$ 1,760,104	\$ -	\$ 30,184	\$ 30,184	\$ -	\$ 513,829	\$ 513,829
148,264			30			34,235	
(31,296)			-			(7,487)	
(112,939)			-			(3,192)	
<u>\$ 1,764,133</u>			<u>\$ 30,214</u>			<u>\$ 537,385</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2003

Note 1. Organization and Summary of Significant Accounting Policies

Morehouse Parish Police Jury (the "Jury") is the governing authority for Morehouse Parish and is a political subdivision of State of Louisiana. The Jury is governed by seven compensated jurors representing, by election, the various districts within the parish. The jurors serve four-year terms that expired on December 31, 2003.

Louisiana Revised Statute 33:1236 gives the Jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of these are the powers to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and 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.

The parish is located in northeast Louisiana and its population is approximately 31,500. Approximately 540 miles of roads are maintained by the parish. The Jury employs approximately 80 people.

In accomplishing its objectives, the Jury also has the authority to create special districts (component units) within the parish. The districts perform specialized functions, such as fire protection, water distribution, sewerage collection and disposal, and health care facilities.

Basis of Presentation:

Except as described in the financial reporting entity definition, the accompanying financial statements of the Jury have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

NOTES TO FINANCIAL STATEMENTS

Financial Reporting Entity:

As the governing authority of the parish, for reporting purposes, Morehouse Parish Police Jury is the financial reporting entity for Morehouse Parish. The financial reporting entity consists of (a) the primary government (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.

GASB Statement No. 14 established criteria for determining which component units should be considered part of Morehouse 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 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 Jury.
2. Organizations for which the Jury does not appoint a voting majority but are fiscally dependent on the 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 Jury has determined that the following component units are part of the reporting entity:

NOTES TO FINANCIAL STATEMENTS

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Bastrop Fire District Two	12-31	1
Fourth Judicial District Criminal Court	12-31	3
Ward Two Fire Protection District No. 1	12-31	1
Ward Five Fire Protection District No. 1	12-31	1
Ward Six Fire Protection District No. 1	12-31	1
Ward Eight Fire Protection District No. 1	12-31	1
Ward Ten Fire Protection District No. 1	12-31	1
Morehouse Parish Library	12-31	2
Water District No. 1	6-30	1
Morehouse General Hospital Service District, Morehouse General Hospital	12-31	1 and 2
Waterworks District No. 2	12-31	1
Collinston Sewerage District No. 1	12-31	1
Morehouse Parish Communications District	12-31	1
Ward Two Cemetery	12-31	1
Morehouse Sales and Use Tax Commission	6-30	2

Component units that are legally separate from the Jury, but are financially accountable to the Jury, or whose relationship with the Jury are such that exclusion would cause the Jury's financial statements to be misleading or incomplete are discretely presented. The Jury has chosen to issue financial statements of the primary government (Jury) and three discretely presented component units (Ward Two Cemetery, Bastrop Fire District Two, and Fourth Judicial District Criminal Court). The "component units" column of the combined financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the Jury. None of the component units listed in the previous paragraph (except for Ward Two Cemetery, Bastrop Fire District Two, and Fourth Judicial District Criminal Court) are included in the accompanying financial statements. The financial impact on the financial statements of the omission of these component units is unknown.

The following presents the combining financial statements for the discretely presented component units:

NOTES TO FINANCIAL STATEMENTS

Combining balance sheet:

	<u>Ward Two Cemetery</u>	<u>Bastrop Fire District Two</u>	<u>Criminal Court</u>	<u>Totals</u>
ASSETS AND OTHER DEBIT				
Assets:				
Cash and cash equivalents	\$ 39,952	\$ 313,880	\$ 1,400	\$ 355,232
Receivables	23,997	360,884	3,866	388,747
Fixed assets	16,376	454,663	4,780	475,819
Other debit:				
Amount to be provided for retirement of general long-term debt	-	-	9,997	9,997
	<u>80,325</u>	<u>1,129,427</u>	<u>20,043</u>	<u>1,229,795</u>
Total assets and other debit	\$ 80,325	\$ 1,129,427	\$ 20,043	\$ 1,229,795
LIABILITIES, EQUITY, AND OTHER CREDIT				
Liabilities:				
Accounts payable	\$ 1,893	\$ 5,083	\$ -	\$ 6,976
Due to other funds	-	12,130	-	12,130
Deferred revenue	23,805	158,773	-	182,578
Property taxes paid under protest	614	4,296	-	4,910
Compensated absences payable	-	-	9,997	9,997
	<u>26,312</u>	<u>180,282</u>	<u>9,997</u>	<u>216,591</u>
Total liabilities	\$ 26,312	\$ 180,282	\$ 9,997	\$ 216,591
Equity and other credit:				
Investment in general fixed assets	\$ 16,376	\$ 454,663	\$ 4,780	\$ 475,819
Fund balances - unreserved and undesignated	37,637	494,482	5,266	537,385
	<u>54,013</u>	<u>949,145</u>	<u>10,046</u>	<u>1,013,204</u>
Total equity and other credit	\$ 54,013	\$ 949,145	\$ 10,046	\$ 1,013,204
Total liabilities, equity, and other credit	\$ 80,325	\$ 1,129,427	\$ 20,043	\$ 1,229,795

NOTES TO FINANCIAL STATEMENTS

Combining statement of revenues, expenditures, and changes in fund balances:

	<u>Ward Two Cemetery</u>	<u>Bastrop Fire District Two</u>	<u>Criminal Court</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 22,529	\$ 151,846	\$ -	\$ 174,375
Intergovernmental	5,471	370,764	-	376,235
Fines and forfeitures	-	-	153,320	153,320
Interest and miscellaneous	237	2,706	177,006	179,949
	<u>\$ 28,237</u>	<u>\$ 525,316</u>	<u>\$ 330,326</u>	<u>\$ 883,879</u>
Expenditures:				
Current:				
General government:				
Judicial	\$ -	\$ -	\$ 339,976	\$ 339,976
Public safety	-	485,945	-	485,945
Health and welfare	14,883	-	-	14,883
	<u>\$ 14,883</u>	<u>\$ 485,945</u>	<u>\$ 339,976</u>	<u>\$ 840,804</u>
Excess (deficiency) of revenues over expenditures	\$ 13,354	\$ 39,371	\$(9,650)	\$ 43,075
Other financing sources (uses):				
Operating transfers in (out)	(212)	-	-	(212)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 13,142	\$ 39,371	\$(9,650)	\$ 42,863
Fund balances - beginning	<u>24,495</u>	<u>455,111</u>	<u>14,916</u>	<u>494,522</u>
Fund balances - ending	<u>\$ 37,637</u>	<u>\$ 494,482</u>	<u>\$ 5,266</u>	<u>\$ 537,385</u>

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Jury) financial statements are not a substitute for the reporting entity's financial statements. The accompanying reporting entity financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the entire reporting entity but rather are intended to reflect only the financial statements of the primary government (Jury) and the three component units.

NOTES TO FINANCIAL STATEMENTS

Considered in the determination of component units of the reporting entity were Morehouse Parish Sheriff, Morehouse Parish Clerk of Court, Morehouse Parish Tax Assessor, Morehouse Parish School Board, District Attorney and Judges for the Fourth Judicial District, Morehouse Council on Aging, Inc., Morehouse Association for Retarded Citizens, Morehouse Community Improvement, Inc., and the various municipalities and nonprofit entities in the parish. It was determined that these governmental and nonprofit entities are not component units of Morehouse Parish Police Jury reporting entity. With the exception of the District Attorney and Judges, these entities have separately elected governing bodies, are legally separate, and are fiscally independent of the Jury. They are considered by the Jury to be separate autonomous entities and issue financial statements separate from those of Morehouse Parish Police Jury reporting entity. The District Attorney and Judges for the Fourth Judicial District are fiscally dependent upon the Jury; however, the Fourth Judicial District includes both Ouachita and Morehouse Parishes, and the preponderance of the activities of those entities occurs in Ouachita Parish. Consequently, the Jury has concluded that the District Attorney and Judges should properly be reported in the Ouachita Parish reporting entity.

Fund Accounting:

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Jury are classified into the category of governmental funds. In turn, this category is divided into separate fund types. The fund classification and a description of each existing fund type follow:

Governmental funds:

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

NOTES TO FINANCIAL STATEMENTS

General Fund - the general operating fund of the Jury and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the General Long-Term Debt Account Group.

Capital Projects Fund - accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The modified accrual basis of accounting recognizes revenues when both "measurable" and "available". Measurable means the amount can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses) and are recorded when the transaction occurs.

Those major revenues susceptible to accrual are ad valorem taxes, sales taxes, and intergovernmental revenues. Licenses and permits; fees, charges, and commissions for services; and fines and forfeitures are deemed to be susceptible to accrual if they are collected by the Jury within sixty days after year end. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

NOTES TO FINANCIAL STATEMENTS

Budgets and Budgetary Accounting:

Preliminary budgets for the ensuing year are prepared by the Secretary and Treasurer during October of each year. During November, the finance committee reviews the proposed budgets and makes changes as it deems appropriate. Notice of the location and the availability of the proposed budgets for public inspection and the date of the public hearing to be conducted on the budgets are then advertised in the official journal. Prior to its regular December meeting, the Jury conducts a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the public hearing and the desires of the Jury as a whole. The budgets are then adopted during the Jury's regular December meeting and notice of adoption, which includes budget summaries, is published in the official journal.

The Jury adopted annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and component units on December 30, 2002. The annual budgets were prepared on a non-GAAP budgetary basis of accounting. All budget amendments were approved by the Jury. Budgets were amended at various times throughout the year approving additional revenues and expenditures for the funds. The budget comparison statements included in the accompanying financial statements include the original adopted budgets (non-GAAP budgetary basis) and all subsequent amendments. All annual appropriations lapse at fiscal year end.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Jury.

Cash and Cash Equivalents:

Cash includes amounts in interest-bearing demand deposits and cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Jury may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

NOTES TO FINANCIAL STATEMENTS

Investments:

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of time deposits exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2003, the Jury's investments consist of non-negotiable certificates of deposit that are reported in the accompanying financial statements at cost.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The Jury is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Short-Term Interfund Receivables/Payables:

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

Fixed Assets:

For the primary government, fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. For the discretely presented component units, general fixed assets are reported in the "component units" column on the combined balance sheet. Public domain or infrastructures are not capitalized. These assets are immovable and of value only to the Jury and component units. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or if donated, at their estimated market value on the date donated.

Accumulated Compensated Absences:

Full-time employees of the Jury earn from one to five weeks of annual leave each anniversary year of employment, depending on length of service. Five personal holidays are earned each calendar year by full-time employees. Employees may not accumulate annual leave or personal holidays. Upon resignation or retirement, employees are compensated for annual leave earned but not taken during the current anniversary year of employment at the employee's current rate of pay. Employees are not compensated for nonvesting accumulated personal holidays upon termination of employment.

NOTES TO FINANCIAL STATEMENTS

Full-time employees of the Fourth Judicial District Criminal Court (component unit) earn from six to fifteen days of annual leave each year of service, depending on length of service. Employees are encouraged to utilize annual leave during the year in which the leave is earned. Employees with at least one year of continuous service, who are separated for other than disciplinary reasons, and provided they have submitted notice at least two weeks in advance of the effective date of resignation, may at the discretion of the district attorney, be paid for any accrued annual leave at the time of separation.

Bastrop Fire District Two and Ward Two Cemetery (component units) have no full-time employees and have not established a formal annual leave policy.

For the primary government and component units, the cost of annual leave is recognized as a current year expenditure within the various funds when annual leave is actually taken or when employees are paid for accrued annual leave upon resignation or retirement. The cost of annual leave privileges not requiring current resources of the primary government is recorded in the General Long-Term Debt Account Group while the cost of leave privileges of the component units are recorded within the funds.

Long-Term Obligations:

For the primary government, long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. For the discretely presented component units, long-term obligations are reported in the "component units" column on the combined balance sheet. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds and discretely presented component units when due.

Fund Balance - Reserved:

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

Interfund Transactions:

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

NOTES TO FINANCIAL STATEMENTS

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.

Revenue Recognition - Ad Valorem and Sales Taxes:

Ad valorem taxes attach as an enforceable lien on property as of the date of the tax rolls are filed with the recorder of mortgages which, by law, must be on or before November 15 of each year. Billed taxes become delinquent on January 1 of the following year. Morehouse Parish Sheriff bills and collects the Jury's property taxes using the assessed values determined by Morehouse Parish Tax Assessor. Revenues from ad valorem taxes are recognized as deferred revenue when levied.

Sales/use taxes collected and held by other governments at year end on behalf of the Jury and those collected by other governments and remitted to the Jury within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Parish Sales and Use Tax Commission and remitted to the Jury.

Total Columns on Combined Statements - Overview:

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

Comparative Data:

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Jury's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTES TO FINANCIAL STATEMENTS

Note 2. Revenues - Budget and Actual (Non-GAAP Budgetary Basis)

The following individual funds' actual revenues failed to meet budgeted revenues by more than 5% for the year ended December 31, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percentage Unfavorable Variance</u>
Witness Fee	\$ 23,000	\$ 9,842	\$ 13,158	57.21%
Juror Fees	8,000	519	7,481	93.51%

Note 3. Deposits with Financial Institutions

The following is a summary of cash, cash equivalents, and investments (book balances) at December 31, 2003:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Totals</u>
Interest-bearing demand deposits	\$ 1,793,372	\$ 355,232	\$ 2,148,604
Time deposits	<u>160,000</u>	<u>-</u>	<u>160,000</u>
	<u>\$ 1,953,372</u>	<u>\$ 355,232</u>	<u>\$ 2,308,604</u>

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

At December 31, 2003, the Jury and the discretely presented component units had \$2,416,718 in deposits (collected bank balances). These deposits were secured from risk by \$400,000 of federal deposit insurance and \$2,016,718 of pledged securities held by the custodial bank, the Jury, or the Jury's agent in the Jury's or custodial bank's name (GASB Category 1 and 2).

The deposits of the discretely presented component units are included in this analysis as all of the demand deposits are held in a master bank account and the fiscal agent banks consider the discretely presented component units' deposits to be a part of the Jury for pledging purposes in that the Jury has authority to transact on these accounts.

There were no repurchase or reverse repurchase agreements at December 31, 2003.

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables

A summary of receivables at December 31, 2003 is as follows:

	<u>Primary Government</u>			<u>Component Units</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
Taxes:					
Ad valorem	\$ 341,337	\$ 1,060,323	\$ 3,020	\$ 178,037	\$ 1,582,717
Sales	-	107,887	-	-	107,887
Licenses and permits	213	-	-	-	213
Intergovernmental:					
Beer taxes	2,186	-	-	-	2,186
Severance taxes	63,478	-	-	-	63,478
Parish transportation	-	48,185	-	-	48,185
Structure assessments	-	-	-	206,671	206,671
Federal grants	12,935	-	-	-	12,935
Other	4,404	-	-	-	4,404
Fees, charges, and commissions for services	-	3,062	-	-	3,062
Fines and forfeitures	-	-	-	3,866	3,866
Interest and miscellaneous	52	829	38	173	1,092
	<u>\$ 424,605</u>	<u>\$ 1,220,286</u>	<u>\$ 3,058</u>	<u>\$ 388,747</u>	<u>\$ 2,036,696</u>

Note 5. Taxes

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
<u>Primary Government</u>			
General corporate purposes	6.16	6.16	Perpetual
Road maintenance	4.89	4.89	2008
Drainage maintenance	2.23	2.23	2007
Public buildings	.53	.53	2005
Public buildings and health facility	.89	.89	2007
Health unit	1.00	1.00	2011
<u>Component Units</u>			
Ward Two Cemetery	2.98	2.98	2011 and 2007
Bastrop Fire District Two	6.70	6.70	2008

NOTES TO FINANCIAL STATEMENTS

Total ad valorem taxes levied were \$1,614,871 for the above mileages. As of December 31, 2003, \$35,278 of ad valorem taxes had been paid under protest from a prior year's tax levy and were being held by Morehouse Parish Sheriff. These taxes were recorded as receivable at December 31, 2003 in each of the applicable funds.

The following were the principal ad valorem taxpayers for the parish:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	Approximate Percentage of Jury's <u>Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue</u>
International Paper Co.	\$ 25,613,000	22.56%	\$ 40,212
Texas Gas Transmission Corp.	4,827,700	4.25%	7,579
Entergy Louisiana, Inc.	4,575,980	4.03%	7,184

For the year ended December 31, 2003, sales taxes were levied as follows:

<u>Rate</u>	<u>Purpose</u>	<u>Expiration Date</u>
½%	(i) constructing, acquiring, maintaining, improving, and operating a solid waste collection and disposal system and maintaining a fund balance of at least \$250,000, and (ii) constructing, maintaining, and improving roads and bridges in Morehouse Parish	April 30, 2005

Note 6. Due From/To Other Funds

A summary of amounts due from/to other funds at December 31, 2003 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Health Unit	\$ 6,084
General	Bastrop Fire District Two	12,130
Road Maintenance	General	5,950
Drainage Maintenance	General	11,730
Building Maintenance	General	2,688
Building Maintenance	Health Unit	<u>543</u>
		<u>\$ 39,125</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance January 1, 2003	<u>Primary Government</u>		Balance December 31, 2003
		<u>Additions</u>	<u>Transfers</u>	
Land	\$ 521,224	\$ -	\$ -	\$ 521,224
Buildings	12,963,227	-	-	12,963,227
Equipment and furniture	<u>2,951,137</u>	<u>15,633</u>	<u>(308,000)</u>	<u>2,658,770</u>
Totals	<u>\$ 16,435,588</u>	<u>\$ 15,633</u>	<u>\$ (308,000)</u>	<u>\$ 16,143,221</u>

	Balance January 1, 2003	<u>Component Units</u>		Balance December 31, 2003
		<u>Additions</u>	<u>Retirements</u>	
Equipment and furniture	<u>\$ 475,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,819</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Changes in General Long-Term Debt

The following is a summary of long-term obligation transactions for the year ended December 31, 2003:

	<u>Primary Government</u>		
	<u>Claims and Judgments</u>	<u>Compensated Absences</u>	<u>Totals</u>
Balance - January 1, 2003	\$ 61,430	\$ 40,433	\$ 101,863
Additions	-	-	-
Retirements	<u>(8,101)</u>	<u>(6,961)</u>	<u>(15,062)</u>
Balance - December 31, 2003	<u>\$ 53,329</u>	<u>\$ 33,472</u>	<u>\$ 86,801</u>
	<u>Component Units</u>		
	<u>Claims and Judgments</u>	<u>Compensated Absences</u>	<u>Totals</u>
Balance - January 1, 2003	\$ -	\$ 3,361	\$ 3,361
Additions	-	6,636	6,636
Retirements	<u>-</u>	<u>-</u>	<u>-</u>
Balance - December 31, 2003	<u>\$ -</u>	<u>\$ 9,997</u>	<u>\$ 9,997</u>

The claims and judgments payable as of December 31, 2003 resulted from the settlement of a lawsuit in February 1994 by the Jury in the amount of \$139,777. This amount was calculated by discounting the long-term portion of the required monthly payments to present value at 5.50%. The settlement will be paid by monthly installments ranging from \$1,000 to \$1,250 through February 2012.

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize the claims and judgments outstanding as of December 31, 2003, including interest, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 7,669	\$ 6,131	\$ 13,800
2005	7,260	6,540	13,800
2006	7,171	7,229	14,400
2007	6,788	7,612	14,400
2008	5,904	8,496	14,400
2009 - 2012	<u>18,537</u>	<u>26,463</u>	<u>45,000</u>
	<u>\$ 53,329</u>	<u>\$ 62,471</u>	<u>\$ 115,800</u>

As of December 31, 2003, employees of the Jury and component units had accumulated and vested \$33,472 and \$9,997, respectively, of employee leave benefits, which were computed in accordance with GASB Codification Section C60. The Jury's obligation is recorded within the General Long-Term Debt Account Group and the component units' obligations are accounted for within the individual funds.

Note 9. Pension Plan and Other Pension Liabilities

Plan Description:

Substantially all employees of Morehouse Parish Police Jury are members of Parochial Employees' Retirement System of Louisiana (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Jury are members of Plan A.

Employee Eligibility Requirements:

All employees working at least 28 hours per week and all elected parish officials are eligible to participate.

NOTES TO FINANCIAL STATEMENTS

Retirement Benefits:

<u>Plan</u>	<u>Minimum Age</u>	<u>Years of Service</u>	<u>Factor</u>	<u>Percent of Final Average Salary</u>
Parochial Plan A	60	10	3%	30%
	55	25	3%	75%
	Any age	30	3%	90%

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. The System provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy:

State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by R.S. 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the 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 Jury's contributions to the System under Plan A for the years ended December 31, 2003, 2002, and 2001 were \$56,651, \$54,933, and \$65,764, respectively, equal to the required contributions for each year.

Other Pension Liabilities:

The Jury pays a portion of the salaries for employees of the registrar of voters and Fourth Judicial District Criminal Court. These employees are also covered by multiple-employer public employees retirement systems requiring only employee contributions. The Jury's and employees' contributions to the systems are considered immaterial with respect to the Jury and the benefit systems as a whole.

NOTES TO FINANCIAL STATEMENTS

Note 10. Deferred Compensation Plan

The Jury offers its full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency except for a one-time withdrawal which is subject to certain restrictions.

All assets of the plan, including all deferred amounts, property, and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property, or rights, are held in a trust custodial account, or annuity contract for the exclusive benefit of the participants and beneficiaries.

Investments are managed by the plan's trustees which offer a number of funds. The choice of the investment option(s) is made by the individual employee.

Note 11. Fund Balance Reservation

The general obligation bond ordinance requires that the excess assets over liabilities in the Debt Service Fund be restricted for such debt service requirements.

Note 12. Criminal Court Fund Balance

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 General Fund. However, because of constraints related to funding the Criminal Court Fund, the Jury has elected not to transfer any amounts due from Fourth Judicial District Criminal Court. The remaining balance at each year end in the Criminal Court Fund, since the transfers have ceased being made, have not been material in relation to the financial statements as a whole.

Note 13. On-Behalf Payments for Salaries

For the year ended December 31, 2003, the Jury recognized revenues and expenditures of \$13,800 in salary supplements from State of Louisiana paid directly to justices of the peace and constables.

NOTES TO FINANCIAL STATEMENTS

Note 14. Contingencies and Risk Management

The Jury is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Jury carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage for the current year or the three prior years. (See claims and judgments discussed in Note 8.)

As of December 31, 2003, the Jury had been made named as the defendant in one lawsuit which is pending as of the date of this report. The lawsuit arose principally in the normal course of operations and relates to risks which are commercially insured. The Jury's legal counsel is unable to render an opinion in the case as to the likelihood of an unfavorable outcome for the Jury. Accordingly, no provision for this loss has been recorded in the accompanying financial statements.

The Jury participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Jury has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2003 may be impaired. In the opinion of the Jury's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 15. Commitments

On July 7, 2003, the Jury entered into an agreement with Louisiana Division of Administration for a community development block grant of \$394,782. The funding sources will be used for street improvements. As of December 31, 2003, only \$35,803 of the funding had been obligated or expended.

Note 16. Implementation of GASB Statement No. 34

The Jury is required to implement GASB Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" for fiscal year ending December 31, 2004 that will result in material prior period adjustments to the financial statements prepared as of and for the year ended December 31, 2003.

COMBINING FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes:

Primary Government:

Road Maintenance Fund - constructing, maintaining, and repairing public roads and bridges in the parish.

Drainage Maintenance Fund - maintaining drainage canals and ditches in the parish and for acquiring, maintaining, and/or operating drainage machinery and equipment.

Building Maintenance Fund - constructing, repairing, renovating, equipping, maintaining, and operating public buildings in the parish.

Solid Waste Fund - (a) constructing, acquiring, maintaining, improving, and operating a solid waste collection and disposal system for the parish, and (b) constructing, maintaining, and improving roads and bridges in the parish.

Health Unit Fund - constructing, equipping, maintaining, and operating a health unit for the parish.

Witness Fee Fund - payment of witness fees to off-duty officers.

Juror Fees - payment of compensation to jurors.

Courthouse Fund - constructing, renovating, equipping, and furnishing the parish courthouse.

Component Units:

Ward Two Cemetery Fund - maintenance and upkeep of public cemeteries in Ward Two of the parish.

Bastrop Fire District Two Fund - (a) constructing, purchasing, and maintaining equipment, and (b) maintaining and operating fire protection facilities, including the hiring of additional manpower for the District.

Criminal Court Fund - general operating costs of the criminal court, to include transcriptions, statements, costs of the petit and grand juries, attendance fees, and certain costs of the district judges and the district attorney.

MOREHOUSE PARISH POLICE JURY
 BASTROP, LOUISIANA
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2003

	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>	<u>Building Maintenance</u>
ASSETS			
Cash and cash equivalents	\$ 364,144	\$ 486,279	\$ 28,970
Investments	-	100,000	-
Receivables	591,733	248,305	157,832
Due from other funds	<u>5,950</u>	<u>11,730</u>	<u>3,231</u>
 Total assets	 <u>\$ 961,827</u>	 <u>\$ 846,314</u>	 <u>\$ 190,033</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$ 14,196	\$ 283	\$ 3,256
Due to other funds	-	-	-
Deferred revenue	555,423	253,292	161,293
Property taxes paid under protest	<u>9,532</u>	<u>4,347</u>	<u>2,768</u>
Total liabilities	<u>\$ 579,151</u>	<u>\$ 257,922</u>	<u>\$ 167,317</u>
Equity:			
Fund balances - unreserved and undesignated	<u>\$ 382,676</u>	<u>\$ 588,392</u>	<u>\$ 22,716</u>
 Total liabilities and equity	 <u>\$ 961,827</u>	 <u>\$ 846,314</u>	 <u>\$ 190,033</u>

<u>Solid Waste</u>	<u>Health Unit</u>	<u>Witness Fee</u>	<u>Juror Fees</u>	<u>Courthouse</u>	<u>Totals</u>
\$ 342,091	\$ 215,290	\$ 82,232	\$ (401)	\$ 70,186	\$ 1,588,791
-	50,000	10,000	-	-	160,000
107,924	111,332	292	2,856	12	1,220,286
-	-	-	-	-	20,911
<u>\$ 450,015</u>	<u>\$ 376,622</u>	<u>\$ 92,524</u>	<u>\$ 2,455</u>	<u>\$ 70,198</u>	<u>\$ 2,989,988</u>
\$ 97,242	\$ 1,357	\$ 250	\$ -	\$ 135	\$ 116,719
-	6,627	-	-	-	6,627
-	113,583	-	-	-	1,083,591
-	2,271	-	-	-	18,918
<u>\$ 97,242</u>	<u>\$ 123,838</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ 1,225,855</u>
<u>\$ 352,773</u>	<u>\$ 252,784</u>	<u>\$ 92,274</u>	<u>\$ 2,455</u>	<u>\$ 70,063</u>	<u>\$ 1,764,133</u>
<u>\$ 450,015</u>	<u>\$ 376,622</u>	<u>\$ 92,524</u>	<u>\$ 2,455</u>	<u>\$ 70,198</u>	<u>\$ 2,989,988</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2003

	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>	<u>Building Maintenance</u>
Revenues:			
Taxes	\$ 538,498	\$ 245,601	\$ 156,396
Intergovernmental	431,513	1,361	869
Fees, charges, and commissions for services	-	-	-
Interest and miscellaneous	10,749	11,271	12,228
	<u>\$ 980,760</u>	<u>\$ 258,233</u>	<u>\$ 169,493</u>
Expenditures:			
Current:			
General government:			
Judicial	\$ -	\$ -	\$ -
Elections	-	-	5,415
Finance and administration	-	-	70,440
Other	-	-	27,341
Public safety	-	-	54,497
Public works	1,040,371	157,386	82,010
Health and welfare	-	-	-
	<u>\$ 1,040,371</u>	<u>\$ 157,386</u>	<u>\$ 239,703</u>
Excess (deficiency) of revenues over expenditures	\$(59,611)	\$ 100,847	\$(70,210)
Other financing sources (uses):			
Operating transfers in (out)	<u>(14,919)</u>	<u>(2,258)</u>	<u>(3,422)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$(74,530)	\$ 98,589	\$(73,632)
Fund balances - beginning	<u>457,207</u>	<u>489,803</u>	<u>96,349</u>
Fund balances - ending	<u>\$ 382,677</u>	<u>\$ 588,392</u>	<u>\$ 22,717</u>

<u>Solid Waste</u>	<u>Health Unit</u>	<u>Witness Fee</u>	<u>Juror Fees</u>	<u>Courthouse</u>	<u>Totals</u>
\$ 1,493,925	\$ 109,958	\$ -	\$ -	\$ 154	\$ 2,544,532
-	604	-	-	-	434,347
-	-	6,527	3,375	-	9,902
<u>2,295</u>	<u>2,372</u>	<u>720</u>	<u>-</u>	<u>776</u>	<u>40,411</u>
<u>\$ 1,496,220</u>	<u>\$ 112,934</u>	<u>\$ 7,247</u>	<u>\$ 3,375</u>	<u>\$ 930</u>	<u>\$ 3,029,192</u>
\$ -	\$ -	\$ 11,076	\$ 923	\$ -	\$ 11,999
-	-	-	-	-	5,415
-	-	-	-	-	70,440
-	-	-	-	-	27,341
-	-	-	-	33,156	87,653
1,410,845	-	-	-	-	2,690,612
-	66,049	-	-	-	66,049
<u>\$ 1,410,845</u>	<u>\$ 66,049</u>	<u>\$ 11,076</u>	<u>\$ 923</u>	<u>\$ 33,156</u>	<u>\$ 2,959,509</u>
\$ 85,375	\$ 46,885	\$ (3,829)	\$ 2,452	\$ (32,226)	\$ 69,683
<u>(20,170)</u>	<u>(944)</u>	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>(41,750)</u>
\$ 65,205	\$ 45,941	\$ (3,829)	\$ 2,452	\$ (32,263)	\$ 27,933
<u>287,569</u>	<u>206,842</u>	<u>96,103</u>	<u>-</u>	<u>102,327</u>	<u>1,736,200</u>
<u>\$ 352,774</u>	<u>\$ 252,783</u>	<u>\$ 92,274</u>	<u>\$ 2,452</u>	<u>\$ 70,064</u>	<u>\$ 1,764,133</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMPONENT UNITS - GOVERNMENTAL FUND TYPES - SPECIAL REVENUE
COMBINING BALANCE SHEET

December 31, 2003

	<u>Ward Two Cemetery</u>	<u>Bastrop Fire District Two</u>	<u>Criminal Court</u>	<u>Totals</u>
ASSETS AND OTHER DEBIT				
Assets:				
Cash and cash equivalents	\$ 39,952	\$ 313,880	\$ 1,400	\$ 355,232
Receivables	23,997	360,884	3,866	388,747
Fixed assets	16,376	454,663	4,780	475,819
Other debit:				
Amount to be provided for retirement of general long-term debt	-	-	9,997	9,997
	<u>-</u>	<u>-</u>	<u>9,997</u>	<u>9,997</u>
Total assets and other debit	<u>\$ 80,325</u>	<u>\$ 1,129,427</u>	<u>\$ 20,043</u>	<u>\$ 1,229,795</u>
LIABILITIES, EQUITY, AND OTHER CREDIT				
Liabilities:				
Accounts payable	\$ 1,893	\$ 5,083	\$ -	\$ 6,976
Due to other funds	-	12,130	-	12,130
Deferred revenue	23,805	158,773	-	182,578
Property taxes paid under protest	614	4,296	-	4,910
Compensated absences payable	-	-	9,997	9,997
	<u>-</u>	<u>-</u>	<u>9,997</u>	<u>9,997</u>
Total liabilities	<u>\$ 26,312</u>	<u>\$ 180,282</u>	<u>\$ 9,997</u>	<u>\$ 216,591</u>
Equity and other credit:				
Investment in general fixed assets	\$ 16,376	\$ 454,663	\$ 4,780	\$ 475,819
Fund balances - unreserved and undesignated	37,637	494,482	5,266	537,385
	<u>37,637</u>	<u>494,482</u>	<u>5,266</u>	<u>537,385</u>
Total equity and other credit	<u>\$ 54,013</u>	<u>\$ 949,145</u>	<u>\$ 10,046</u>	<u>\$ 1,013,204</u>
Total liabilities, equity, and other credit	<u>\$ 80,325</u>	<u>\$ 1,129,427</u>	<u>\$ 20,043</u>	<u>\$ 1,229,795</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMPONENT UNITS - GOVERNMENTAL FUND TYPES - SPECIAL REVENUE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2003

	<u>Ward Two Cemetery</u>	<u>Bastrop Fire District Two</u>	<u>Criminal Court</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 22,529	\$ 151,846	\$ -	\$ 174,375
Intergovernmental	5,471	370,764	-	376,235
Fines and forfeitures	-	-	153,320	153,320
Interest and miscellaneous	<u>237</u>	<u>2,706</u>	<u>177,006</u>	<u>179,949</u>
	<u>\$ 28,237</u>	<u>\$ 525,316</u>	<u>\$ 330,326</u>	<u>\$ 883,879</u>
Expenditures:				
Current:				
General government:				
Judicial	\$ -	\$ -	\$ 339,976	\$ 339,976
Public safety	-	485,945	-	485,945
Health and welfare	<u>14,883</u>	<u>-</u>	<u>-</u>	<u>14,883</u>
	<u>\$ 14,883</u>	<u>\$ 485,945</u>	<u>\$ 339,976</u>	<u>\$ 840,804</u>
Excess (deficiency) of revenues over expenditures	\$ 13,354	\$ 39,371	\$(9,650)	\$ 43,075
Other financing sources (uses):				
Operating transfers in (out)	<u>(212)</u>	<u>-</u>	<u>-</u>	<u>(212)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 13,142	\$ 39,371	\$(9,650)	\$ 42,863
Fund balances - beginning	<u>24,495</u>	<u>455,111</u>	<u>14,916</u>	<u>494,522</u>
Fund balances - ending	<u>\$ 37,637</u>	<u>\$ 494,482</u>	<u>\$ 5,266</u>	<u>\$ 537,385</u>

SUPPLEMENTARY INFORMATION

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF JURORS' COMPENSATION
For the Year Ended December 31, 2003

The schedule of compensation paid to jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the Jury has elected the monthly payment method of compensation. Under this method, the jurors receive \$800 to \$850 per month each as follows:

James W. Brent, III	\$ 10,200
Stan Neathery	9,600
Calvin B. Lambert	9,600
Lee Loche	9,600
Terry R. Matthews	10,200
Harry Reese, Sr.	9,600
D.W. Thomas, Jr.	<u>9,600</u>
 Total jurors' compensation	 <u>\$ 68,400</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	<u>Expenditures</u>
Department of Housing and Urban Development:			
Louisiana Division of Administration:			
Community Development Block Grant	14.228	601201	\$ 35,803
Section 8 Rental Voucher Program	14.856	LA48V258018022	<u>494,028</u>
Total - Department of Housing and Urban Development			<u>\$ 529,831</u>
Department of Homeland Security:			
Louisiana Office of Homeland Security - Emergency Preparedness:			
Hazard Mitigation Plan	97.039	1437-067-0001	\$ 37,500
Supplemental Planning Grant	-	EMF-5-01	<u>3,560</u>
Total - Department of Homeland Security			<u>\$ 41,060</u>
United States Department of Interior:			
Fish and Wildlife Service:			
Refuge Revenue Sharing	15.FWS	FWS/R4/ARW/RE	\$ 44,438
Bureau of Land Management:			
Payments in Lieu of Taxes	-	M200300167	<u>688</u>
Total expenditures of federal awards			<u>\$ 616,017</u>

See notes to schedule of expenditures of federal awards.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
For the Year Ended December 31, 2003

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Morehouse Parish Police Jury and is being presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the general-purpose financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the Jury provided \$494,028 of the Section 8 Rental Voucher Program to a subrecipient.

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S 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
Morehouse Parish Police Jury
Bastrop, Louisiana

We have audited the general-purpose financial statements of Morehouse Parish Police Jury as of and for the year ended December 31, 2003 and have issued our report thereon dated June 14, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Jury's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2003-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jury's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters 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 Jury's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-3.

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 general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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, of the reportable conditions described above, we consider item 2003-1 to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, police jurors, 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.

Hill, Smyth & Co.

June 14, 2004

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Police Jurors
Morehouse Parish Police Jury
Bastrop, Louisiana

Compliance

We have audited the compliance of Morehouse Parish Police Jury with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. Morehouse Parish Police Jury's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Jury's management. Our responsibility is to express an opinion on the 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular 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 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 on the Jury's compliance with those requirements.

In our opinion, Morehouse Parish Police Jury complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Morehouse Parish Police Jury is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance 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 compliance that, in our judgement, could adversely affect the Jury's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

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. Our consideration of the internal control over compliance 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 that the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management, others within the organization, police jurors, 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.

Hill, Dwyer & Co.

June 14, 2004

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S PLANNED CORRECTIVE ACTION
For the Year Ended December 31, 2003

We have audited the general-purpose financial statements of Morehouse Parish Police Jury as of and for the year ended December 31, 2003 and have issued our report thereon dated June 14, 2004. We conducted our audit 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; and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Compliance and Internal Control Material to the Financial Statements

Compliance

Compliance Material to Financial Statements Yes No

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

c. Identification of Major Program:

CFDA Number 14.856

Section 8 Rental Voucher

1. Dollar threshold used to distinguish between Type A and Type B Programs \$300,000
2. Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Section II - Financial Statement Findings

2003-1 Inadequate Segregation of Duties (finding was first cited in audit conducted by our firm as of and for the two years ended December 31, 1993)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Effect: Not determined.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur in the finding, but it is not economically feasible nor does space allow for corrective action to be taken.

2003-2 State Revenue Sharing and Other Funds (initial citing)

Criteria: Pursuant to Attorney General's Opinion No. 90-113, state revenue sharing funds which have been distributed to a local tax recipient body constitute general funds of said tax body and should be deposited in the general treasury of the tax body receiving same, unless those revenue sharing funds have been pledged in accordance with the state's constitution.

Condition: State revenue sharing funds are received by the Jury on behalf of Ward Two Cemetery and Bastrop Fire District Two (component units). Those funds designated for Ward Two Cemetery are appropriately deposited into Ward Two Cemetery Fund while those funds designated for Bastrop Fire District Two are retained in the Jury's General Fund.

Also, the Jury has deposited into its General Fund the 2001 and 2002 2% fire insurance rebate designated for Bastrop Fire District Two.

At its May 10, 2004 meeting, the Jury approved Bastrop Fire District Two's request to place a proposition for an increase in structure fees on the November 2004 ballot. Such an increase might be avoided if the District had use of the designated funds.

Cause: The Jury approved at its December 11, 2000 meeting to transfer 2000 and 2001 state revenue sharing funds, originally deposited into the Bastrop Fire District Two Fund, into the General Fund. Thereafter, the Jury approved budgets for 2001, 2002, and 2003 that only appropriated state revenue sharing funds for the General and Ward Two Cemetery Funds.

Effect: The Jury's General Fund may, upon further legal interpretation, have to transfer to Bastrop Fire District Two the 2000 through 2003 state revenue sharing funds (totaling approximately \$145,000) and the 2% fire insurance rebate funds (totaling approximately \$40,000) designated for that fund.

Recommendation: We recommend that another Attorney General's opinion be requested concerning these matters.

Management's response and planned corrective action: We concur in the finding and will request an additional opinion.

2003-3 Improvement of Controls Over Expenditures/Disbursements (initial citing)

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss resulting from unauthorized use and that transactions are executed in accordance with management's authorization.

Condition: Four disbursements examined (totaling \$2,228) out of a total of 30 disbursements examined (totaling \$14,059) were supported by invoices that were not signed by the individual employee of the Jury responsible for purchasing or receiving the goods or services.

Two disbursements examined (totaling \$1,899) out of a total of ten disbursements examined (totaling \$3,380) were supported by purchase orders dated after the invoice date.

Cause: Employees of the Jury have not accepted the value of such supporting documentation.

Effect: The failure to adhere to internal controls over cash disbursements could result in a loss of assets from authorized use or disposition or from transactions that are not in accordance with management's authorization.

Recommendation: We recommend that invoices be signed by the individual employee of the Jury responsible for purchasing or receiving goods or services to provide evidence that disbursements are valid expenditures to the Jury. Also, purchase orders should be properly prepared in accordance with the Jury's established internal control policies and procedures.

Management's response and planned corrective action: All invoices will be reviewed before payment is made to ensure that invoices are signed by the individual employee of the Jury responsible for purchasing or receiving the goods or services and purchase orders will be properly prepared.

Section III - Federal Awards Findings

2003-1 Inadequate Segregation of Duties
(See 2003-1 in Section II.)

Program: Section 8 Rental Voucher

Section IV - Management Letter

None issued.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2003

Section I - Compliance and Internal Control Material to Financial Statements

- 2002-1 Inadequate Segregation of Duties
Adequate segregation of duties is essential
to proper internal control. Unresolved - 2003-1.
- 2002-2 Unsecured Deposits
Deposits of the Jury were uninsured
and uncollateralized. Resolved.

Section II - Compliance and Internal Control Material to Federal Awards

- 2002-1 Inadequate Segregation of Duties
(See 2002-1 in Section I.) Unresolved - 2003-1.

Section III - Management Letter

None issued.