

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
June 30, 1996
With Supplemental Information Schedules

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MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
June 30, 1996
With Supplemental Information Schedules

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Independent Auditor's Report

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Morehouse Parish Sheriff's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Morehouse Parish Sheriff as of June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Independent Auditor's Report,

June 30, 1996

As discussed in Note 13 to the financial statements, an investigative audit by the Office of Legislative Auditor, State of Louisiana, found that the former sheriff and officials of a private company provided false and misleading information to a federal agency for the purpose of obtaining a \$3,180,000 loan to construct a detention center. The ultimate outcome of this finding and its effect on the financial position of the Morehouse parish Sheriff's office cannot be presently determined. Accordingly, no provision for any liability that may result has been made in the financial statements.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Morehouse Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards* and OMB Circular A-128, I have also issued reports dated December 19, 1996, on the Morehouse Parish Sheriff's schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants; and my consideration of the agency's internal control structure.



West Monroe, Louisiana

December 19, 1996

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1996

	GENERAL FUND	GRANT SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES			
Taxes:			
Ad valorem	\$482,720		\$482,720
Sales	1,346,445		1,346,445
Intergovernmental revenues:			
Federal funds - federal grants	1,300	\$47,826	49,126
State grants:			
State revenue sharing (net)	94,495		94,495
State supplemental pay	160,094		160,094
Other state grants	464,113	51,445	515,558
Local grants	7,817	16,959	24,776
Fees, charges, and commissions for services:			
Commissions on licenses and taxes	60,273		60,273
Civil and criminal fees	114,597		114,597
Court attendance	3,040		3,040
Transportation of prisoners	359		359
Feeding and keeping of prisoners	72,416	2,522,640	2,595,056
Tax notices, etc.	22,421	6,374	28,795
Use of money and property	40,242	31,698	71,940
Miscellaneous	576	13,571	14,147
Total revenues	2,870,908	2,690,513	5,561,421
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	2,252,244	1,442,718	3,694,962
Operating services	356,333	311,730	668,063
Materials and supplies	328,142	446,071	774,213
Travel and other charges	18,440	7,807	26,247

(Continued)

Statement B

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 1996

	GENERAL FUND	GRANT SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
Public safety (Contd.):			
Debt service	\$2,067	\$257,198	\$259,265
Capital outlay	36,305	38,967	75,272
Intergovernmental	8,480		8,480
Total expenditures	3,002,011	2,504,491	5,506,502
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(131,103)	186,022	5,667
OTHER FINANCING SOURCES			
Sale of fixed assets	3,744		3,744
Insurance recovery	10,308		10,308
Total other financing sources	14,052	NONE	14,052
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(117,051)	186,022	68,971
FUND BALANCES AT BEGINNING OF YEAR	735,190	90,794	825,984
Increase in inventory	43		43
FUND BALANCES AT END OF YEAR	\$618,182	\$276,816	\$894,998

(Concluded)

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1995

	GENERAL FUND	GRANT SPECIAL REVENUE FUNDS	DETENTION CENTER CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES				
Taxes:				
Ad valorem	\$470,835			\$470,835
Sales	1,279,573			1,279,573
Intergovernmental revenues:				
Federal funds - federal grants	5,440	\$49,180		54,620
State grants:				
State revenue sharing (net)	94,349			94,349
State supplemental pay	147,192			147,192
Other state grants	564,274	33,993		598,267
Local grants	11,297	14,847		26,144
Fees, charges, and commissions for services:				
Commissions on licenses and taxes	52,566			52,566
Civil and criminal fees	104,039			104,039
Court attendance	2,944			2,944
Transportation of prisoners	3,537			3,537
Feeding and keeping of prisoners	68,135	1,270,027		1,338,162
Tax notices, etc.	20,150	21,340		41,490
Use of money and property	37,561	17,656		55,217
Miscellaneous	6,041	19,488		25,529
Total revenues	<u>2,867,933</u>	<u>1,426,531</u>	<u>NONE</u>	<u>4,294,464</u>
EXPENDITURES				
Public safety:				
Current:				
Personal services and related benefits	2,002,507	763,926		2,766,433
Operating services	364,690	149,198		513,888
Materials and supplies	327,035	277,981		605,016
Travel and other charges	27,907	6,332		34,239

(Continued)

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 1995

	GENERAL FUND	GRANT SPECIAL REVENUE FUNDS	DETENTION CENTER CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
EXPENDITURES (CONTD.)				
Debt service	\$2,947	\$85,733		\$88,680
Capital outlay	21,571	81,744	\$1,583,132	1,686,447
Intergovernmental	15,448			15,448
Total expenditures	<u>2,762,105</u>	<u>1,364,914</u>	<u>1,583,132</u>	<u>5,710,151</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>105,828</u>	<u>61,617</u>	<u>(1,583,132)</u>	<u>(1,415,687)</u>
OTHER FINANCING SOURCES				
Sale of fixed assets	34			34
Insurance recovery	889			889
Insurance recovery			1,586,891	1,586,891
Total other financing sources	<u>923</u>	<u>NONE</u>	<u>1,586,891</u>	<u>1,587,814</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	106,751	61,617	3,759	172,127
FUND BALANCES AT BEGINNING OF YEAR	630,134	29,177	1,129	660,440
Decrease in inventory	<u>(1,695)</u>			<u>(1,695)</u>
FUND BALANCES AT END OF YEAR	<u>\$735,190</u>	<u>\$90,794</u>	<u>\$4,888</u>	<u>\$830,872</u>

(Concluded)

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND
AND GRANT SPECIAL REVENUE FUND

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget
(GAAP) Basis and Actual
For the Year Ended June 30, 1996

GENERAL FUND.....		SPECIAL REVENUE FUNDS.....		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes:						
Ad valorem	\$470,000	\$482,720	\$12,720			
Sales	1,324,000	1,346,445	22,445			
Intergovernmental revenues:						
Federal funds - federal grants		1,300	1,300	\$47,000	\$47,826	\$826
State funds:						
State revenue sharing (net)	82,000	94,495	12,495			
State supplemental pay	150,000	160,094	10,094			
Other state grants	425,000	464,113	39,113	51,000	51,445	445
Local grants		7,817	7,817	16,000	16,959	959
Fees, charges, and commissions for services:						
Commissions on licenses and taxes	61,200	60,273	(927)			
Civil and criminal fees	107,000	114,597	7,597			
Court attendance	3,000	3,040	40			
Transporting prisoners	500	359	(141)			
Feeding prisoners	70,000	72,416	2,416	2,500,800	2,522,640	21,840
Tax notices, etc.	4,500	22,421	17,921	6,000	6,374	374
Use of money and property	29,500	40,242	10,742	27,410	31,698	4,288
Other revenues		576	576	9,100	13,571	4,471
Total revenues	<u>2,726,700</u>	<u>2,870,908</u>	<u>144,208</u>	<u>2,657,310</u>	<u>2,690,513</u>	<u>33,203</u>
EXPENDITURES						
Public safety:						
Current:						
Personal services and related benefits	2,290,000	2,252,244	37,756	1,528,000	1,442,718	85,282
Operating services	450,800	356,333	94,467	321,400	311,730	9,670
Materials and supplies	360,000	328,142	31,858	503,300	446,071	57,229
Travel and other charges	20,000	18,440	1,560	11,000	7,807	3,193
Debt service	2,500	2,067	433	257,198	257,198	
Capital outlay	60,000	36,305	23,695	45,000	38,967	6,033
Intergovernmental		8,480	(8,480)			
Total expenditures	<u>3,183,300</u>	<u>3,002,011</u>	<u>181,289</u>	<u>2,665,898</u>	<u>2,504,491</u>	<u>161,407</u>

(Continued)

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

GOVERNMENTAL FUND TYPE - GENERAL FUND
AND GRANT SPECIAL REVENUE FUNDCombined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP) Basis and Actual, 1996

GENERAL FUND.....		 SPECIAL REVENUE FUNDS.....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$456,600)</u>	<u>(\$131,103)</u>	<u>\$325,497</u>	<u>(\$8,588)</u>	<u>\$186,022</u>	<u>\$194,610</u>
OTHER FINANCING SOURCES						
Sale of fixed assets		3,744	3,744			
Insurance recovery	<u>10,300</u>	<u>10,308</u>	<u>8</u>			
Total other financing sources	<u>10,300</u>	<u>14,052</u>	<u>3,752</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(446,300)</u>	<u>(117,051)</u>	<u>329,249</u>	<u>(8,588)</u>	<u>186,022</u>	<u>194,610</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>772,604</u>	<u>735,190</u>	<u>(37,414)</u>	<u>71,810</u>	<u>90,794</u>	<u>18,984</u>
Increase in inventory		<u>43</u>	<u>43</u>			
FUND BALANCES AT END OF YEAR	<u><u>\$326,304</u></u>	<u><u>\$618,182</u></u>	<u><u>\$291,835</u></u>	<u><u>\$63,222</u></u>	<u><u>\$276,816</u></u>	<u><u>\$213,594</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL FUND
 AND SPECIAL REVENUE FUNDS
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget
 (GAAP) Basis and Actual, 1995

GENERAL FUND.....		SPECIAL REVENUE FUNDS.....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$555,000)</u>	<u>\$105,828</u>	<u>(\$660,828)</u>	<u>\$62,130</u>	<u>\$61,617</u>	<u>\$513</u>
OTHER FINANCING SOURCES						
Sale of fixed assets		34	34			
Insurance recovery	<u>8,330</u>	<u>889</u>	<u>(7,441)</u>			
Total other financing sources	<u>8,330</u>	<u>923</u>	<u>(7,407)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(546,670)</u>	<u>106,751</u>	<u>653,421</u>	<u>62,130</u>	<u>61,617</u>	<u>(513)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>630,134</u>	<u>630,134</u>		<u>24,600</u>	<u>29,177</u>	<u>(4,577)</u>
Decrease in inventory		<u>(1,695)</u>	<u>(1,695)</u>			
FUND BALANCES AT END OF YEAR	<u>\$83,464</u>	<u>\$735,190</u>	<u>\$651,726</u>	<u>\$86,730</u>	<u>\$90,794</u>	<u>\$4,064</u>

(Concluded)

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
Notes to the Financial Statements
As of and For the Two Years Ended June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera. As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsmen licenses, and fines, costs, and bond forfeitures imposed by the district court.

The sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Morehouse Parish Sheriff is the financial reporting entity for Morehouse 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 nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Appointing a voting majority of an organization's governing body, and

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

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

Because the police jury maintains and operates the parish courthouse in which the sheriff's office is located and provides funds for equipment and furniture of the sheriff's office, the sheriff was determined to be a component unit of the Morehouse Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the police jury and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

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

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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
Notes to the Financial Statements (Continued)

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

Governmental Funds:

General Fund

The general fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund and is used to account for the operations of the sheriff's office. The sheriff's primary sources of revenue are an ad valorem tax and a sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or by grant agreement, to expenditures for specified purposes such as road and drainage maintenance and construction, library operation, health unit operation, etc.

Detention Center Capital Projects Fund

The Detention Center Capital Projects Fund is used to account for the construction and furnishing of a detention

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

facility for Morehouse Parish. Financing is provided by a federal loan from the Farmers Home Administration of the United States Department of Agriculture.

Fiduciary Funds - Agency Fund Type

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from the funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Approximately 19 per cent of fixed assets are valued at estimated historical costs based on the actual costs of like items while the remaining 81 per cent are based on actual historical costs. No depreciation has been provided on general fixed assets. General fixed assets provided by the Sheriff are not recorded in the General Fixed Assets Account Group.

Long-term debt, such as capital lease purchase and loans payable, are recognized as liabilities of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used for reporting the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

sheriff uses 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, 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, January, and February of the fiscal year.

Sales and use taxes are recognized as revenues when received by the sheriff's collection agent, the Morehouse Parish Sales Tax Commission.

Intergovernmental revenues and fees, charges, and commissions for services are recorded when the sheriff is entitled to the funds.

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

Based on the above criteria, ad valorem taxes, state revenue sharing, sales and use taxes, intergovernmental revenues, and fees charges and commissions for services are treated as susceptible to accrual.

Expenditures

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

Other Financing Sources

Proceeds from capital leases, sales of fixed assets, compensation for loss of assets, and insurance recoveries are accounted for as other financing sources and are recognized when the underlying events occur.

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
 Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least ten days prior to the public hearing. Public hearings are held at the sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the sheriff and amended during the year, as necessary. Budgets are established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

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

F. CASH AND CASH EQUIVALENTS

Under state law, the sheriff may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1996, the sheriff has cash and cash equivalents (book balances) totaling \$1,020,498 as follows:

Demand deposits	\$530,969
Petty Cash	501
Time deposits	<u>489,028</u>
Total	<u>\$1,020,498</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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 1996, are secured as follows:

Bank Balances	<u>\$1,266,245</u>
Federal deposit insurance	\$770,899
Pledged securities(uncollateralized)	<u>1,572,492</u>
Total	<u>\$2,343,391</u>

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

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

G. INVENTORY

The inventory at June 30, 1996, consists of commodities received from the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture, as provided by the Food Distribution Program (CFDA 10.550). The inventory is valued at unit prices established by the USDA and recorded as expenditures under the consumption method, using the first-in, first-out (FIFO) cost flow assumption for valuing inventory. Reported inventory is equally offset by a fund balance reserve which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

II. VACATION AND SICK LEAVE

Employees of the sheriff's office earn from 14 to 17 days of vacation leave each year, depending on length of service. Employees normally take vacation leave during the year it is earned. Employees earn 15 days of sick leave annually, plus one day for each year of service. Employees are not paid for accumulated sick leave upon termination of service. At June 30, 1996, there are no accumulated or vested leave benefits which require accrual.

I. SALES AND USE TAXES

On October 7, 1989, voters of the parish approved a one-half of one per cent ($\frac{1}{2}\%$) sales and use tax. The proceeds of the tax, after paying reasonable and necessary costs of collection, is dedicated to operation of the law enforcement district. The tax is for a period of ten years and expires on January 31, 1999. The sheriff has entered into an agreement with the Morehouse Parish School Board for collection of the tax. Under the agreement, the school board receives \$1,000 per month as a collection fee to offset its costs of collection.

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
 Notes to the Financial Statements (Continued)

**J. TOTAL COLUMN ON
 COMBINED STATEMENTS**

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

2. LEVIED TAX

As provided by Louisiana Revised Statute 33:9001, a law enforcement district has been created for the purpose of providing financing to the office of the sheriff of Morehouse Parish. Louisiana Revised Statute 33:9003 requires the district to levy a tax on the assessed valuation of all property appearing on the 1977 and subsequent tax rolls in an amount that would produce for the district in the initial year the same revenue as that estimated to be produced by the sheriff's commission on ad valorem taxes for the fiscal year 1976-77. For both the 1995 and 1994 tax rolls, the district levied 5.42 mills.

3. RECEIVABLES

The following is a summary of receivables at June 30, 1996:

	<u>General Fund</u>	<u>Grant Special Revenue Fund</u>	<u>Total</u>
Taxes:			
Ad valorem	\$1,122		\$1,122
Other	119,996		119,996
Intergovernmental revenues:			
Federal grants - federal revenue		\$21,888	21,888
State grants:			
State supplemental pay	12,954		12,954
Other state grants	10,877	12,635	23,512
Fees, charges, and commissions for services:			
Civil and criminal fees, etc.	6,853		6,853
Court attendance	192		192
Commission on phone	4,327		4,327
Feeding and keeping prisoners	35,956	207,840	243,796

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
 Notes to the Financial Statements (Continued)

	General Fund	Grant Special Revenue Fund	Total
Miscellaneous	\$103	\$1,347	\$1,450
Total	<u>\$192,380</u>	<u>\$243,710</u>	<u>\$436,090</u>

4. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 1996, are as follows:

	Due From	Due To
General Fund	\$203,933	
Special Revenue Fund - Detention Center		\$175,299
Agency Funds:		
Criminal Fund		182
Civil Fund		1,242
Tax Collector Fund		27,210
Total	<u>\$203,933</u>	<u>\$203,933</u>

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in office furnishings and equipment follows:

	Detention Center	Construction in Progress	Furnishings and Equipment	Total
Balance, June 30, 1994	NONE	\$1,591,980	\$1,009,547	\$2,601,527
Year Ended June 30, 1995:				
Additions	\$3,247,766	1,583,132	30,662	4,861,560
Deletions		(3,175,112)		(3,175,112)
Year Ended June 30, 1996:				
Additions	28,926		46,346	75,272
Deletions			(316,305)	(316,305)
Balance, June 30, 1996	<u>\$3,276,692</u>	<u>NONE</u>	<u>\$770,250</u>	<u>\$4,046,942</u>

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

The beginning balance for construction in progress has been restated to include \$13,641 not previously reported. For the year ended June 30, 1995, the completed work on the detention center was transferred from construction in progress to the detention center

6. PENSION PLAN

Substantially all employees of the Morehouse Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 per cent for each year if total service is at least 12 but less than 15 years, 2.75 per cent for each year if total service is at least 15 but less than 20 years, and 3 per cent for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1980). In any case, the retirement benefit cannot exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also 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 for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the Morehouse Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 6.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Morehouse Parish Sheriff 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

MOREHOUSE PARISH SHERIFF
 Bastrop, Louisiana
 Notes to the Financial Statements (Continued)

to change each year based on the results of the valuation for the prior fiscal year. The Morehouse Parish Sheriff's contributions to the System for the years ended June 30, 1996, 1995, and 1994 were \$132,150, \$89,363, and \$55,731, respectively, equal to the required contributions for each year.

7. CAPITAL LEASE PURCHASE

The Morehouse Parish Sheriff records items under capital lease as an asset and an obligation in the accompanying financial statements. At June 30, 1996, the sheriff has 2 capital leases. In May 1993, the sheriff entered into a lease agreement for the purchase of a copier for a term of 36 months with monthly payments of \$207. On September 12, 1994 the sheriff entered into a lease agreement for the purchase of a 1994 Ford Crown Victoria with three annual installments of \$5,442. The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments at June 30, 1996:

<u>Year ending June 30,</u>	
1997	<u>\$5,442</u>
Total minimum lease payments	5,442
Less amount representing interest	<u>(370)</u>
Present value of net minimum lease payments	<u><u>\$5,072</u></u>

The following schedule provides detail on changes in capital lease purchase payable:

Capital lease purchase payable at June 30, 1994:	\$4,010
For the year ended June 30, 1995:	
Additions	15,241
Deletions	(7,507)
For the year ended June 30, 1996:	
Additions	NONE
Deletions	<u>(6,672)</u>
Capital lease purchase payable at June 30, 1996:	<u><u>\$5,072</u></u>

8. LOANS PAYABLE

On August 11, 1993, the sheriff entered into a loan agreement with the United States Department of Agriculture - Farmers Home Administration whereby \$3,180,000 was obligated for the construction

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

and furnishing of a detention facility for Morehouse Parish. The agreement provided that funds were to be provided as needed to fund construction of the facility. The following schedule presents changes in loan obligation for the two years ended June 30, 1996.

Loan payable at June 30, 1994	\$1,593,109
For the year ended June 30, 1995:	
Additions	1,586,891
Retirements	(30,251)
For the year ended June 30, 1996:	
Additions	NONE
Retirements	<u>(93,990)</u>
Loan payable at June 30, 1996:	<u>\$3,055,759</u>

The annual requirements to amortize the loan balance outstanding at June 30, 1996, including interest of \$1,745,279 are as follows.

<u>Year ending June 30,</u>	
1997	\$257,198
1998	257,198
1999	257,198
2000	257,198
2001	257,198
2002 - 2006	1,285,992
2006 - 2011	1,285,992
2012 - 2015	<u>943,064</u>
Total	<u>\$4,801,038</u>

9. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follows:

	Tax Collector Fund	Criminal Fund	Civil Fund	Detention Center Inmate Commissary Fund	Total
Balance, July 1, 1994	\$253,850	\$72,421	\$300	NONE	\$326,571

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

	Tax Collector Fund	Criminal Fund	Civil Fund	Detention Center Inmate Commissary Fund	Total
Year ended June 30, 1995:					
Additions	\$7,087,405	\$404,866	\$396,843	\$51,874	\$7,940,988
Reductions	<u>(7,009,956)</u>	<u>(397,532)</u>	<u>(397,143)</u>	<u>(41,899)</u>	<u>(7,846,530)</u>
Year ended June 30, 1996:					
Additions	7,273,667	443,299	503,597	93,977	8,314,540
Reductions	<u>(7,242,939)</u>	<u>(439,247)</u>	<u>(503,597)</u>	<u>(77,345)</u>	<u>(8,263,128)</u>
Balance June 30, 1996	<u>\$362,027</u>	<u>\$83,807</u>	<u>NONE</u>	<u>\$26,607</u>	<u>\$472,441</u>

10. LITIGATION AND CLAIMS

At June 30, 1996, the Morehouse Parish Sheriff is involved in several lawsuits. Resolution of these lawsuits will not result in any liability in excess of insurance coverage.

**11. EXPENDITURES OF THE SHERIFF'S OFFICE
PAID BY THE PARISH POLICE JURY**

The Morehouse Parish Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Morehouse Parish Police Jury.

12. JOINT VENTURE

The sheriffs of Morehouse, West Carroll, and Richland parishes together with the Bastrop City police department comprise the North Louisiana Drug Enforcement Bureau, which was created to combat drug problems in their joint jurisdictions. The operations of the bureau are funded by federal grants from the United States Department of Justice through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with contributions from the four law enforcement agencies. The Morehouse Parish Sheriff has been designated as the grant recipient and the administrative entity for the bureau. All financial activities of the bureau are included in the Morehouse Parish Sheriff's general purpose financial statements and are reflected in the special revenue Grant Fund.

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

13. FEDERAL LOAN APPROVAL

The Office of Legislative Auditor, State of Louisiana, issued an investigative audit report on December 9, 1996. The report addressed various findings by that office. One finding in the report states that the former sheriff and officials of a private company involved in the construction of detention centers provided false and misleading information to the Farmer's Home Administration to secure a \$3,180,000 loan for the construction of a detention center facility in Morehouse parish. The sheriff's office, at this point, has no indication of what action, if any, the FmHA will take concerning the outstanding loan balance, which was \$3,055,759 at June 30, 1996.

14. SUBSEQUENT EVENTS

On October 22, 1996 an employee was found guilty of payroll fraud. An agreement was reached between the sheriff and the individual for restitution in the amount of \$7,000. This amount is to be completely repaid no later than December 31, 1998.

SUPPLEMENTAL INFORMATION SCHEDULES

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Two Years Ended June 30, 1996

GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Grant Special Revenue Fund

As discussed more fully in note 12, the special revenue fund is used to account for the proceeds of specific revenue sources. Those revenues are restricted by grant agreement to expenditures for specified purposes, such as drug law enforcement.

Detention Center Special Revenue Fund

The Detention Center Special Revenue Fund accounts for the operation and maintenance of the Madison Parish Detention Center. The primary source of revenues are state and parish funds for maintaining state and parish prisoners.

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE -
SPECIAL REVENUE FUNDS

Combining Balance Sheet, June 30, 1996

	GRANT SPECIAL REVENUE FUND	DETENTION CENTER FUND	TOTAL
ASSETS			
Cash	\$27,289	\$233,433	\$260,722
Receivables	34,523	209,187	243,710
TOTAL ASSETS	<u>\$61,812</u>	<u>\$442,620</u>	<u>\$504,432</u>
LIABILITIES			
Payables	\$21,888	\$30,429	\$52,317
Due to General Fund		175,299	175,299
Total liabilities	21,888	205,728	227,616
Fund Equity - fund balance - unreserved - undesignated	<u>39,924</u>	<u>236,892</u>	<u>276,816</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$61,812</u>	<u>\$442,620</u>	<u>\$504,432</u>

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE -
SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1996

	GRANT SPECIAL REVENUE FUND	DETENTION CENTER FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Intergovernmental revenues:			
Federal funds - federal grants	\$47,826		\$47,826
State grants	51,445		51,445
Local grants	16,959		16,959
Fees, charges, and commissions for services:			
Forfeitures	6,374		6,374
Feeding prisoners		\$2,522,640	2,522,640
Use of money and property	321	31,377	31,698
Miscellaneous	9,351	4,220	13,571
Total revenues	132,276	2,558,237	2,690,513
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	71,229	1,371,489	1,442,718
Operating services	22,288	289,442	311,730
Materials and supplies	35,144	410,927	446,071
Travel and other charges	2,711	5,096	7,807
Debt service		257,198	257,198
Capital outlay	10,041	28,926	38,967
Total expenditures	141,413	2,363,078	2,504,491
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(9,137)	195,159	186,022
FUND BALANCES AT BEGINNING OF YEAR	49,061	41,733	90,794
FUND BALANCES AT END OF YEAR	\$39,924	\$236,892	\$276,816

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE -
SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1995

	GRANT SPECIAL REVENUE FUND	DETENTION CENTER FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Intergovernmental revenues:			
Federal funds - federal grants	\$49,180		\$49,180
State grants	33,993		33,993
Local grants	14,847		14,847
Fees, charges, and commissions for services:			
Forfeitures	21,340		21,340
Feeding prisoners		\$1,270,027	1,270,027
Use of money and property	238	17,418	17,656
Miscellaneous	19,488		19,488
Total revenues	139,086	1,287,445	1,426,531
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	52,982	710,944	763,926
Operating services	15,702	133,496	149,198
Materials and supplies	39,479	238,502	277,981
Travel and other charges	1,948	4,384	6,332
Debt service		85,733	85,733
Capital outlay	9,091	72,653	81,744
Total expenditures	119,202	1,245,712	1,364,914
EXCESS OF REVENUES OVER EXPENDITURES	<u>19,884</u>	<u>41,733</u>	<u>61,617</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>29,177</u>	<u>NONE</u>	<u>29,177</u>
FUND BALANCES AT END OF YEAR	<u>\$49,061</u>	<u>\$41,733</u>	<u>\$90,794</u>

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Two Years Ended June 30, 1996

FIDUCIARY FUND TYPE - AGENCY FUNDS

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

CRIMINAL FUND

The Criminal Fund accounts for the collection of bonds, fines and costs, and payment of the collections to recipients in accordance with applicable laws.

CIVIL FUND

The Civil Fund accounts for the collection of funds in civil suits, sheriff's sales, and garnishments and payments of these collections to recipients in accordance with applicable laws.

DETENTION CENTER INMATE COMMISSARY FUND

The Detention Center Inmate Commissary Fund accounts for funds of inmates that are used for personal items purchased by the inmates at the concessions store located at the detention center.

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Balance Sheet, June 30, 1996

	TAX COLLECTOR FUND	CRIMINAL FUND	CIVIL FUND	DETENTION CENTER INMATE COMMISSARY	TOTAL
ASSETS					
Cash	\$389,237	\$83,989	\$1,242	\$31,693	\$506,161
Inventory				6,287	6,287
Due from inmates				7,887	7,887
TOTAL ASSETS	<u>\$389,237</u>	<u>\$83,989</u>	<u>\$1,242</u>	<u>\$45,867</u>	<u>\$520,335</u>
LIABILITIES					
Accounts payable				\$19,260	\$19,260
Due to General Fund	\$27,210	\$182	\$1,242		28,634
Due to taxing bodies and others	362,027	83,807		26,607	472,441
TOTAL LIABILITIES	<u>\$389,237</u>	<u>\$83,989</u>	<u>\$1,242</u>	<u>\$45,867</u>	<u>\$520,335</u>

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Unsettled
Balances Due to Taxing Bodies and Others
For the Year Ended June 30, 1996

	TAX COLLECTOR FUND	CRIMINAL FUND	CIVIL FUND	DETENTION CENTER INMATE COMMISSARY	TOTAL
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS AT BEGINNING OF YEAR	<u>\$331,299</u>	<u>\$79,755</u>	<u>NONE</u>	<u>\$9,975</u>	<u>\$421,029</u>
ADDITIONS					
Deposits:					
Civil suits			\$427,306		427,306
Collections for others		10,441	4,437		14,878
Appearance bonds, fines, etc.		432,858			432,858
Sales				93,977	93,977
Garnishments			71,854		71,854
Taxes, fees, etc., paid to tax collector	<u>7,273,667</u>				<u>7,273,667</u>
Total additions	<u>7,273,667</u>	<u>443,299</u>	<u>503,597</u>	<u>93,977</u>	<u>8,314,540</u>
Total	<u>7,604,966</u>	<u>523,054</u>	<u>503,597</u>	<u>103,952</u>	<u>8,735,569</u>
REDUCTIONS					
Taxes, fees, etc., distributed to taxing bodies and others	7,242,939				7,242,939
Deposits settled to:					
Sheriff's General Fund		40,327	76,630		116,957
Clerk of Court		21,111	16,590		37,701
Witnesses and appraisers			3,892		3,892
Litigants			392,970		392,970
Other settlements		377,809	13,515	77,345	468,669
Total reductions	<u>7,242,939</u>	<u>439,247</u>	<u>503,597</u>	<u>77,345</u>	<u>8,263,128</u>
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS AT END OF YEAR	<u>\$362,027</u>	<u>\$83,807</u>	<u>NONE</u>	<u>\$26,607</u>	<u>\$472,441</u>

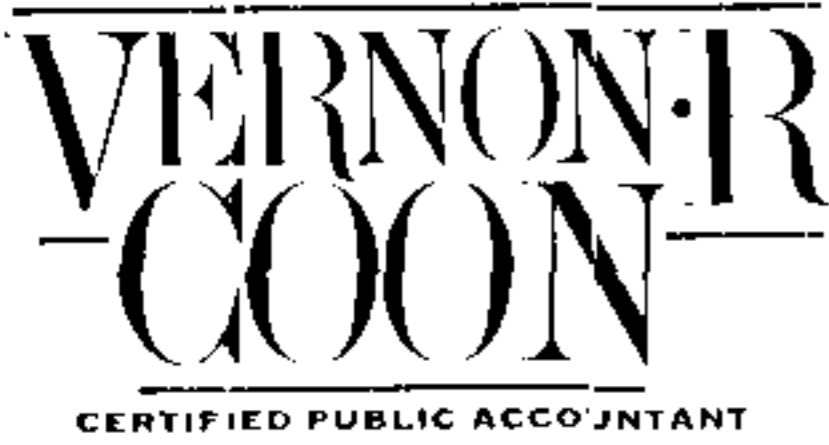
MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Unsettled
Balances Due to Taxing Bodies and Others
For the Year Ended June 30, 1995

	TAX COLLECTOR FUND	CRIMINAL FUND	CIVIL FUND	DETENTION CENTER INMATE COMMISSARY	TOTAL
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS AT BEGINNING OF YEAR	<u>\$253,850</u>	<u>\$72,421</u>	<u>\$300</u>	NONE	<u>\$326,571</u>
ADDITIONS					
Deposits:					
Civil suits			324,556		324,556
Collections for others			2,662		2,662
Appearance bonds, fines, etc.		404,866			404,866
Sales				\$51,874	51,874
Garnishments			69,625		69,625
Taxes, fees, etc., paid to tax collector	<u>7,087,405</u>				<u>7,087,405</u>
Total additions	<u>7,087,405</u>	<u>404,866</u>	<u>396,843</u>	<u>51,874</u>	<u>7,940,988</u>
Total	<u>7,341,255</u>	<u>477,287</u>	<u>397,143</u>	<u>51,874</u>	<u>8,267,559</u>
REDUCTIONS					
Taxes, fees, etc., distributed to taxing bodies and others	7,009,956				7,009,956
Deposits settled to:					
Sheriff's General Fund		36,491	69,094		105,585
Clerk of Court		18,570	42,252		60,822
Witnesses and appraisers			3,260		3,260
Litigants			273,087		273,087
Other settlements		342,471	9,450	41,899	393,820
Total reductions	<u>7,009,956</u>	<u>397,532</u>	<u>397,143</u>	<u>41,899</u>	<u>7,846,530</u>
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS AT END OF YEAR	<u>\$331,299</u>	<u>\$79,755</u>	NONE	<u>\$9,975</u>	<u>\$421,029</u>

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

The following independent auditor's reports on the schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants; and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, *Audits of State and Local Governments*; the *Single Audit Act of 1984*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996. These general purpose financial statements are the responsibility of the sheriff's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

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

West Monroe, Louisiana
December 19, 1996

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MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

Schedule of Federal Financial Assistance
For the Two Years Ended June 30, 1996

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	(DEFERRED) ACCRUED REVENUE AT JUNE 30, 19941995.....	1996.....		(DEFERRED) ACCRUED REVENUE AT JUNE 30, 1996
				LOANS/ REVENUE RECOGNIZED	ISSUES/ EXPENDITURES	REVENUE RECOGNIZED	ISSUES/ EXPENDITURES	
UNITED STATES DEPARTMENT OF AGRICULTURE Direct program - Community Facilities Loans Passed through Louisiana Department of Agriculture and Forestry: Food Distribution Program	10.423 *	N/A	\$214,623	\$1,586,891	\$1,586,891	NONE	NONE	NONE
	10.550	N/A	(1,803)	4,820	4,820	\$1,300	\$1,300	(\$151)#
Total United States Department of Agriculture			212,820	1,591,711	1,591,711	1,300	1,300	(151)
UNITED STATES DEPARTMENT OF JUSTICE Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice: Multi-Jurisdictional Drug Task Force Program Multi-Jurisdictional Drug Task Force Program Multi-Jurisdictional Drug Task Force Program Juvenile Officer's Training	16.579 16.579 16.579 16.540	93-B0-20B0-2C13 94-B2-B.02-OD12 93-B2-B.02-OC13 94J080J200209	NONE NONE NONE NONE	7,757 NONE 41,423 620	7,757 NONE 41,423 620	NONE 47,826 NONE NONE	NONE 47,826 NONE NONE	NONE 21,888 NONE NONE
Total United States Department of Justice			NONE	49,800	49,800	47,826	47,826	21,888
Total Federal Financial Assistance			\$212,820	\$1,641,511	\$1,641,511	\$49,126	\$49,126	\$21,737

* Major federal financial assistance program
Food Commodities on hand



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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996.

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

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

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

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Independent Auditor's Report

on Compliance, etc.

June 30, 1996

**Investigative Audit by the
Office of Legislative Auditor**

On December 9, 1996 the Office of Legislative Auditor, State of Louisiana, issued a report on findings resulting from an investigative audit of certain activities and transactions of the Morehouse Parish Sheriff's office. Following, is the executive summary from that report. The complete report may be obtained from the Office of Legislative Auditor.

**Sheriff and Contractor Submitted
Misleading Information to FmHA**

Finding: Sheriff Frank Carroll and Gulf Coast Corrections, Inc., provided false and misleading information to the Farmer's Home Administration (FmHA) to obtain a \$3.18 million loan to build the Morehouse Parish Correctional Center.

Recommendation: The FmHA should review this information and take appropriate action. In addition, the District Attorney for the Fourth Judicial District of Louisiana and the United States Attorney for the Western District of the State of Louisiana should review this information and take appropriate legal action. Furthermore, the Morehouse Parish Law Enforcement District and the Morehouse Parish Sheriff's Office should comply with all federal, state, and local laws.

Management's Response: These actions occurred during the prior administration and therefore I cannot comment on their accuracy. Please be advised that I stand ready to fully cooperate with your office, the District Attorney, and the United States Attorney in any investigation that may result from your findings.

**Sheriff Improperly Increased Personnel
and Payroll Expenditures**

Finding: Sheriff Frank Carroll increased the number of employees and the amount of payroll expenditures of his office above certain legal limits during an election year.

Recommendation: The sheriffs office should comply with all aspects of Louisiana law and give particular attention to those limitations imposed by law during an election year. Also, the District Attorney for the Fourth Judicial District of Louisiana should review this information and take appropriate legal action.

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Independent Auditor's Report

on Compliance, etc.

June 30, 1996

Management's Response: This finding is based on decisions and actions of the former sheriff. I am and always have been committed to conducting the operations of my office in compliance with all applicable laws, regulations, and requirements.

**Two Sheriff's Office Employees
Paid for Time Not Worked**

Finding: Sheriff Frank Carroll and Warden Carl Patrick allowed two sheriff's office employees to receive salary and benefits totaling \$18,971 after all of their accrued leave balances were exhausted.

Recommendation: The sheriffs office should establish adequate internal control policies and procedures which ensure that employees are compensated only for actual time worked, leave earned, and as otherwise required by state and federal law. The sheriffs office should not continue to compensate employees and pay their insurance premiums subsequent to their termination and use of available leave. Furthermore, the sheriff's office should notify its insurer when employees are no longer actually working. The District Attorney for the Fourth Judicial District of Louisiana should also review this information and take appropriate legal action.

Management's Response: Upon assuming office in July 1996, I instituted policies and procedures that are designed to ensure compliance with all governing laws and regulations.

Inadequate Controls Over Payroll

Finding: Sheriff Frank Carroll's administration failed to establish adequate controls over payroll by (1) not properly monitoring leave records, (2) allowing employees to participate in political campaigns, and (3) not accruing payable leave benefits. As a result, the sheriffs office may have violated Article 7, Section 14 of the Louisiana Constitution and its own personnel and payroll policies.

Recommendation: The sheriff's office should develop policies and procedures to ensure the following:

Leave balances are monitored by the payroll department. Reports of employee leave balances should be created and distributed to the appropriate department supervisors for use when approving leave taken.

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Independent Auditor's Report

on Compliance, etc.

June 30, 1996

Policies regarding prohibited political activities are strictly adhered to.

Accounts are established to record accrued leave benefits.

The sheriffs office should also contact the U.S. Department of Labor and develop procedures to ensure compliance with all applicable requirements.

Management's Response: We have instituted policies and procedures that are designed to ensure compliance with all laws and regulations.

Violations of the Public Bid Law

Finding: The Morehouse Parish Sheriffs Office violated the Public Bid Law by not bidding the purchases of food for the inmates, two vans, a patrol car, a tractor, and gym equipment.

Recommendation: The sheriffs office should establish procedures to provide assurance that all purchases are made in accordance with all applicable laws.

Management's Response: This finding addresses actions that occurred in the prior administration. I am committed to conducting the operations of my office in compliance with all applicable laws and requirements.

I considered the above instances of noncompliance in forming my opinion on whether the sheriff's 1995-96 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated December 19, 1996, on those general purpose financial statements.

This report is intended for the information of the Morehouse Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

December 19, 1996

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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996.

I have also audited the Morehouse Parish Sheriff's compliance with the requirements governing types of services allowed, reporting, and claims for advances and reimbursements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the two years ended June 30, 1996. The Office of Legislative Auditor, State of Louisiana, performed an investigative audit of certain activities and transactions of the Morehouse Parish Sheriff and the Farmer's Home Administration Community Facilities Loan program, a copy of which has been provided to me, and this report insofar as it relates to findings relative to the Community Facilities Loan program, is based solely on the report of the other auditors. The management of the Morehouse Parish Sheriff is responsible for the Morehouse Parish Sheriff's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the report of the other auditors disclosed that the sheriff and others provided false and misleading information to the Farmer's Home Administration (FmHA) to obtain a \$3,180,000 loan to construct a detention center facility.

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Independent Auditor's Report
on Compliance with Specific
Requirements, etc.,
June 30, 1996

In my opinion, based on my audit and the report of the other auditors, the Morehouse Parish Sheriff complied, except for the effect, which is not presently determinable as described in the following paragraph, of that instance of noncompliance referred to in the fourth paragraph of this report and identified in the accompanying Schedule of Findings and Questioned Costs, in all material respects, with the specific requirements referred to in the second paragraph for the two years ended June 30, 1996.

Resolving the instance of noncompliance identified in the fourth paragraph of this report is the responsibility of the Morehouse Parish Sheriff and federal officials. The determination of whether the identified instance of noncompliance will result in a disallowance of the loan cannot be presently determined. Accordingly, no adjustment for any disallowance that may result has been made to the federal program amounts listed in the accompanying Schedule of Federal Financial Assistance and no provision for any liability that may result has been recognized in the Morehouse Parish Sheriff's general purpose financial statements for the two years ended June 30, 1996.

This report is intended for the information of the Morehouse Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
December 19, 1996

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

Schedule of Findings and Questioned Costs

Finding: An investigative audit performed by the Office of Legislative Auditor, State of Louisiana, found that the sheriff and contractor submitted false and misleading information to the Farmer's Home Administration to obtain a \$3,180,000 loan.

On January 14, 1993, the FmHA State Office requested National Office concurrence for the loan. The National Office refused, stating that the proposed detention center would constitute a commercial enterprise because it would be used to gain revenues through the housing of state prisoners and requested information showing that the facility would primarily serve the rural residents of the parish. On June 11, 1993, the sheriff sent a letter to FmHA stating that no less than 90% of the inmates housed in the facility would be local parish prisoners. From November 1994 through June 1996, the monthly average number of parish prisoners housed in the facility was 1%. The remaining 99% were state prisoners.

The FmHA guidelines require prior approval for a design/build method of construction. Prior approval was not obtained. The design/builder, in a letter dated February 16, 1993, directed the sheriff to retype several items on the sheriff's letterhead and mail them to the Deputy Director of Programs for the FmHA Regional Office. One of the items was a letter backdated to November 23, 1991, requesting approval for the design/build method of construction. The National Office was not made aware that the request was actually made after February 16, 1993.

The contract for construction entered into by the sheriff and design/builder on June 15, 1992, reflected an amount which was \$555,000 higher than the amount of the bid. On July 7, 1993, the FmHA National Office requested an explanation of the difference. At the instruction of the design/builder, the sheriff sent a letter to the Deputy Director of Programs for the FmHA Regional Office stating that the increase was for non-bid items which were not included in the bid process. However, the items were included in the bid specifications published by the sheriff's office and were included in bid proposals submitted by other contractors.

All communication between the sheriff and FmHA during the loan approval process referred to the detention center as a 208 bed facility while correspondence with all state agencies referred to it as a 240 bed facility.



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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996.

I have applied procedures to test the Morehouse Parish Sheriff's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the two years ended June 30, 1996:

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

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

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

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana

Independent Auditor's Report
on Compliance with General
Requirements, etc.,
June 30, 1996

This report is intended for the information of the Morehouse Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be 'C. J. ...', written in a cursive style.

West Monroe, Louisiana

December 19, 1996

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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996.

In connection with my audit of the general purpose financial statements of the Morehouse Parish Sheriff and with my consideration of the Morehouse Parish Sheriff's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the two years ended June 30, 1996. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed, matching and reporting that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Morehouse Parish Sheriff's compliance with these requirements. Accordingly, I do not express such an opinion.

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

This report is intended for the information of of the Morehouse Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
December 19, 1996

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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996.

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

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

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana
Independent Auditor's Report
on Internal Control Structure,
June 30, 1996

In planning and performing my audit of the general purpose financial statements of the Morehouse Parish Sheriff for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter involving the internal control structure and its operation that I consider to be reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Need to Strengthen Controls
Over General Fixed Assets**

Finding: My tests of general fixed assets disclosed that 1) numbered identification tags are not utilized, 2) surplus and unusable items are stored in multiple locations, and 3) representatives of the previous and current sheriff did not approve the physical inventory conducted in connection with the change in elected official. Proper internal control dictates that controls provide reasonable assurance that reported assets exist and that all assets are reported. Retaining assets not used by the sheriff and failing to tag assets unduly complicates the reconciliation of assets to the records.

Recommendation: I recommend that the sheriff conduct a physical inventory annually, (tagging assets during the initial inventory), that the sheriff hold a public auction to dispose of surplus or unusable items, and that tags and records be updated as purchases and deletions are made.

Management's Response: The following actions are being taken to improve controls over fixed assets: (1) procedures are in place to conduct an annual physical inventory, (2) assets will be tagged during the initial inventory, and (3) surplus or unusable items will be identified and disposed of by public auction or bids. In the future, inventory will be updated as purchases and deletions are made.

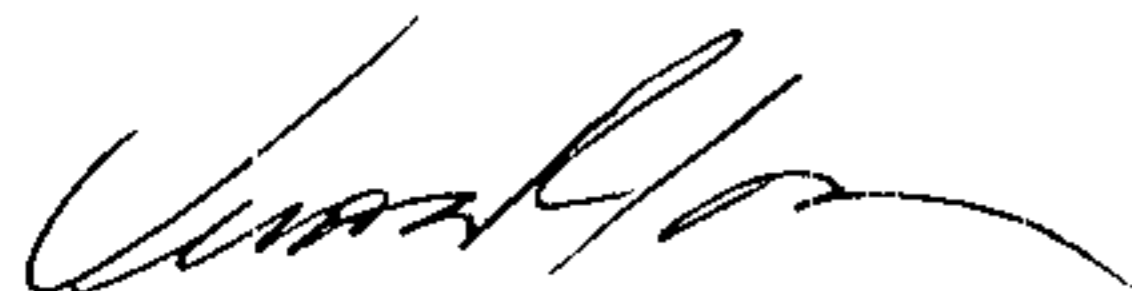
MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana
Independent Auditor's Report
on Internal Control Structure,
June 30, 1996

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I do not believe the reportable condition describe above to be a material weakness.

This report is intended for the information of the Morehouse Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

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

West Monroe, Louisiana
December 19, 1996



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

MOREHOUSE PARISH SHERIFF
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Sheriff as of June 30, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated December 19, 1996. I have also audited the compliance of Morehouse Parish Sheriff with requirements applicable to major federal financial assistance program and have issued my report thereon dated December 19, 1996.

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

In planning and performing my audit for the two years ended June 30, 1996, I considered the internal control structure of the Morehouse Parish Sheriff in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of the Morehouse Parish Sheriff and on the compliance of the Morehouse Parish Sheriff with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of general purpose financial statements in a separate report dated December 19, 1996.

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.,
June 30, 1996

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

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

Accounting applications:

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

General Requirements:

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

Specific Requirements:

- Types of services allowed
- Matching, level of effort, and earmarking
- Reporting
- Claims for advances and reimbursements

MOREHOUSE PARISH SHERIFF

Bastrop, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.,
June 30, 1996

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

For the year ended June 30, 1995, Morehouse Parish Sheriff expended 97 per cent of its total federal financial assistance under its major federal financial assistance program. For the year ended June 30, 1996, Morehouse Parish Sheriff had no major federal financial assistance programs.

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

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

This report is intended for the information of the Morehouse Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
December 19, 1996