

2525

**MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA**

**FINANCIAL REPORT**

December 31, 2008

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 9/23/09

**HILL, INZINA & COMPANY**

---

Certified Public Accountants • A Professional Corporation  
701 East Madison Avenue • Bastrop, Louisiana 71220  
Telephone 318-281-4492 • Fax 318-281-4087 • E-mail hillinzina@bellsouth.net

## CONTENTS

	Page(s)
<b>INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION</b>	1 and 2
<b>REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)</b>	
Management's discussion and analysis	3 - 8
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net assets - primary government - governmental activities	9
Statement of activities - primary government - governmental activities	10 and 11
Fund financial statements:	
Balance sheet - governmental funds	12
Statement of revenues, expenditures, and changes in fund balances - governmental funds	13 and 14
Reconciliation of governmental funds balance sheet to government-wide statement of net assets	15
Reconciliation of governmental funds statement of revenues, expenditures, and changes in fund balances to government-wide statement of activities	16
Notes to financial statements	17 - 38
<b>REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)</b>	
Budgetary comparison schedules - governmental funds:	
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - general fund	39 and 40
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - road maintenance fund	41 and 42
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - drainage maintenance fund	43
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - solid waste fund	44
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - health unit fund	45

## OTHER SUPPLEMENTARY INFORMATION

## Combining financial statements:

Combining balance sheet - non-major governmental funds	46
Combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	47
Schedule of jurors' compensation	48
Schedule of expenditures of federal awards	49
Notes to schedule of expenditures of federal awards	50

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

51 and 52

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

53 and 54

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH  
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION

55 - 61

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

62 and 63

# 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish Police Jury (the "Jury") as of and for the year ended December 31, 2008, which collectively comprise the Jury's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Jury. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the Jury, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Jury's legal entity. The financial statements do not include financial data for the Jury's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial date of the Jury's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Jury as of December 31, 2008, and the changes in its financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of the Jury as of December 31, 2008, and the respective changes in financial position thereof 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 July 7, 2009 on our consideration of the Jury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Jury's primary government. Management's discussion and analysis and the budgetary comparison schedules, presented as required supplementary information, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the required supplementary information and express no opinion on it. The other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*/s/Hill, Inzina & Co.*

July 7, 2009

**REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)**

## MOREHOUSE PARISH POLICE JURY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended December 31, 2008

As management of Morehouse Parish Police Jury (the "Jury"), we offer readers of the financial statements of the Jury's primary government this narrative overview and analysis of the financial activities of the Jury for the fiscal year ended December 31, 2008. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Jury's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Jury's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Jury based on information presented in the financial report and fiscal policies that have been adopted by the Jury. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Jury's financial activity, identify changes in the Jury's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and supplementary information that are provided in addition to this discussion and analysis of management.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Jury's financial statements. The Jury's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements, the Jury also includes in a subsequent section of this report additional information to supplement the basic financial statements.

1. Government-wide financial statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net assets and statement of activities, seeking to give the users of the financial statements a broad overview of the Jury's financial position and results of operations in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Jury's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies, with the elimination of internal activities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Jury is improving or weakening. Evaluation of the overall economic health of the Jury would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Jury's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Jury's distinct activities or functions on revenues provided by the citizenry of the parish.

The government-wide financial statements report governmental activities of the Jury that are principally supported by taxes and intergovernmental revenues. Governmental activities include general government, public safety, public works, health and welfare, economic development and assistance, debt service, and capital outlay.

## 2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Jury uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Jury's most significant funds rather than the Jury as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Jury has only one fund type. Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Jury's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. A reconciliation from both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances to the government-wide statements is provided to assist in understanding the differences between these two perspectives.



### 3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

In addition to the basic financial statements, the Jury also includes in this report additional information to supplement the basic financial statements.

#### Government-Wide Financial Analysis

The following provides a summary of the net assets of the Jury's governmental activities as of December 31:

	<u>2008</u>	<u>2007</u>
Other assets	\$ 4,398,170	\$ 4,174,709
Capital assets	<u>10,511,823</u>	<u>10,759,121</u>
Total assets	<u>\$ 14,909,993</u>	<u>\$ 14,933,830</u>
Other liabilities	\$ 3,306,558	\$ 3,093,833
Long-term liabilities	<u>56,091</u>	<u>64,732</u>
Total liabilities	<u>\$ 3,362,649</u>	<u>\$ 3,158,565</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 10,507,834	\$ 10,743,773
Unrestricted	<u>1,039,510</u>	<u>1,031,492</u>
Total net assets	<u>\$ 11,547,344</u>	<u>\$ 11,775,265</u>

As noted earlier, net assets may serve over time as a useful indicator of the Jury's financial position. The Jury will use the unrestricted net assets to meet the ongoing obligations to users of its services and creditors.

## Governmental Activities

The following provides a summary of the Jury's changes in net assets between the two years ended December 31:

	<u>2008</u>	<u>2007</u>
Revenues and special item:		
Program revenues:		
Charges for services	\$ 500,036	\$ 401,207
Operating grants and contributions	138,133	145,593
Capital grants and contributions	-	65,900
General revenues:		
Taxes	3,342,971	3,237,022
Intergovernmental	1,478,857	1,315,778
Unrestricted investment earnings and miscellaneous	96,894	213,968
Special item:		
Gain on sale of assets	<u>25,126</u>	<u>25,578</u>
Total revenues and special item	<u>\$ 5,582,017</u>	<u>\$ 5,405,046</u>
 Expenses:		
General government	\$ 1,342,092	\$ 1,319,142
Public safety	692,746	630,104
Public works	2,929,290	2,960,802
Building maintenance	128,281	102,519
Health and welfare	226,327	183,002
Economic development and assistance	464,772	481,505
Debt service	<u>8,779</u>	<u>9,036</u>
Total expenses	<u>\$ 5,792,287</u>	<u>\$ 5,686,110</u>
 Change in net assets	 \$( 210,270)	 \$( 281,064)
 Net assets - beginning	 11,757,614	 12,060,327
 Prior period adjustment	 <u>-</u>	 <u>( 3,998)</u>
 Net assets - ending	 <u>\$ 11,547,344</u>	 <u>\$ 11,775,265</u>

The Jury's total revenues increased by \$176,971 while its total expenses also increased by \$106,177.

Program revenues derive directly from the program itself and as a whole, reduce the cost of the function to be financed from the Jury's general revenues. General revenues are used to pay for governmental activities whose cost is not reduced by program revenues. The Jury was heavily reliant on general revenues to support governmental operations for both years.

General government and public works were the Jury's largest expenses for both years with both also having significant tax-based (general revenue) funding.

### Financial Analysis of Governmental Funds

The Jury's major governmental funds and related fund balances as of December 31 were:

	<u>2008</u>	<u>2007</u>
General	\$( 946,405)	\$( 578,970)
Road Maintenance	838,386	494,717
Drainage Maintenance	707,694	563,757
Solid Waste	168,417	315,793
Health Unit	341,033	270,931

Determination of the Jury's major governmental funds are made for each audit period. All fund balances of the governmental funds were unreserved at each year end. The deficit fund balance of the General Fund is discussed in Note 2.

### Budgetary Highlights

Budgets for all funds except the Agriculture Center Fund were adopted for the year ended December 31, 2008 which complied with financial policies approved by the jurors and maintained core Jury services. There were significant (exceeding 5% or more) budget variances in two of the five major governmental funds for the year ended December 31, 2008.

### Capital Assets and Debt Administration

The Jury's only capital asset additions during the current fiscal year were for machinery and equipment costing \$133,936 funded by available cash. Depreciation of capital assets of \$378,220 for the year ended December 31, 2008 was recorded in the governmental activities of the government-wide financial statements.

At the end of the fiscal year, the Jury's long-term liabilities consisted of a bank loan, a judgment payable, and compensated absences, the majority of which will be liquidated by the General Fund. No new long-term debt was incurred by the Jury during the year ended December 31, 2008.

### Economic Factors and Next Year's Budget

The Jury adopted original budgets for all funds for the year ended December 31, 2009 totaling \$5,212,942 on December 29, 2008. These budgets reflected only a slight decrease from the 2008 budgets.

In November 2008, employees of International Paper Company were informed that the mill was closing indefinitely leaving 550 individuals without employment. As communicated in Note 6, the vast majority of the Jury's ad valorem taxes are currently generated by the mill. Local sales taxes paid by the mill have been estimated at approximately \$15 million (15 to 20 percent of the total) by the local sales tax commission's administrator. The mill's manager estimated that the total current payroll of the mill prior to closure was approximately \$30 million. The full impact of this event is definitely uncertain as of the date of this report.

#### Requests for Information

This financial report is designed to provide a general overview of the Jury's financial picture for all those with an interest in the Jury's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Secretary or Treasurer, P. O. Box 509, Bastrop, Louisiana 71221-0509.

**BASIC FINANCIAL STATEMENTS**

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

STATEMENT OF NET ASSETS - PRIMARY GOVERNMENT -  
GOVERNMENTAL ACTIVITIES  
December 31 , 2008

ASSETS

Cash and cash equivalents	\$ 828,763
Investments	1,525,000
Receivables	2,044,407
Capital assets:	
Land	754,579
Construction in progress	168,109
Other capital assets, net of depreciation	<u>9,589,135</u>
 Total assets	 <u>\$ 14,909,993</u>

LIABILITIES

Bank overdraft	\$ 509,423
Accounts payable	548,244
Payroll accruals and withholdings	26,219
Due to component units	178,899
Deferred revenue	1,829,321
Property taxes paid under protest	214,452
Long-term liabilities:	
Due within one year	43,310
Due in more than one year	<u>12,781</u>
Total liabilities	<u>\$ 3,362,649</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 10,507,834
Unrestricted	<u>1,039,510</u>
Total net assets	<u>\$ 11,547,344</u>
 Total liabilities and net assets	 <u>\$ 14,909,993</u>

See notes to financial statements.

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - PRIMARY GOVERNMENT -  
GOVERNMENTAL ACTIVITIES  
For the Year Ended December 31, 2008

	<u>Expenses</u>	<u>Program Revenues</u> Charges for <u>Services</u>	<u>Operating</u> Grants and <u>Contributions</u>	<u>Net (Expense)</u> Revenue and Changes In <u>Net Assets</u>
Functions/Programs:				
Current:				
General government:				
Legislative	\$ 111,919	\$ -	\$ -	\$( 111,919)
Judicial	792,362	211,599	13,200	( 567,563)
Elections	74,139	-	-	( 74,139)
Finance and administrative	307,512	275,637	-	( 31,875)
Other	56,160	-	27,800	( 28,360)
Public safety	692,746	-	20,174	( 672,572)
Public works	2,929,290	-	76,959	( 2,852,331)
Building maintenance	128,281	12,800	-	( 115,481)
Health and welfare	226,327	-	-	( 226,327)
Economic development and assistance	464,772	-	-	( 464,772)
Debt service:				
Interest	<u>8,779</u>	<u>-</u>	<u>-</u>	<u>( 8,779)</u>
 Total governmental activities	 <u>\$ 5,792,287</u>	 <u>\$ 500,036</u>	 <u>\$ 138,133</u>	 <u>\$( 5,154,118)</u>

(continued)

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - PRIMARY GOVERNMENT  
GOVERNMENTAL ACTIVITIES (Continued)  
For the Year Ended December 31, 2008

	Net (Expense) Revenue and Changes In <u>Net Assets</u>
General revenues:	
Taxes	\$ 3,342,971
Intergovernmental	1,478,857
Unrestricted investment earnings and miscellaneous	96,894
Special item:	
Gain on sale of assets	25,126
Total general revenues and special item	\$ 4,943,848
Changes in net assets	\$( 210,270)
Net assets - beginning	11,757,614
Net assets - ending	\$ 11,547,344

See notes to financial statements.



MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2008

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 92,794	\$ -
Investments	-	400,000	850,000
Receivables	515,784	764,649	335,082
Due from other funds	<u>18,333</u>	<u>379,676</u>	<u>3,296</u>
 Total assets	 <u>\$ 534,117</u>	 <u>\$ 1,637,119</u>	 <u>\$ 1,188,378</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Bank overdraft	\$ 221,715	\$ -	\$ 30,968
Accounts payable	237,563	16,525	2,754
Payroll accruals and withholdings	26,219	-	-
Due to other funds	262,319	66,136	103,180
Due to component units	178,899	-	-
Deferred revenue	424,552	672,577	323,941
Property taxes paid under protest	<u>129,255</u>	<u>43,495</u>	<u>19,841</u>
Total liabilities	\$ 1,480,522	\$ 798,733	\$ 480,684
 Fund balances (deficit) - unreserved and undesignated	 <u>( 946,405)</u>	 <u>838,386</u>	 <u>707,694</u>
 Total liabilities and fund balances	 <u>\$ 534,117</u>	 <u>\$ 1,637,119</u>	 <u>\$ 1,188,378</u>

<u>Solid Waste</u>	<u>Health Unit</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 357,313	\$ 265,942	\$ 112,714	\$ 828,763
-	200,000	75,000	1,525,000
2,898	142,530	283,464	2,044,407
<u>55,803</u>	<u>1,478</u>	<u>119,141</u>	<u>577,727</u>
<u>\$ 416,014</u>	<u>\$ 609,950</u>	<u>\$ 590,319</u>	<u>\$ 4,975,897</u>

\$ -	\$ -	\$ 256,740	\$ 509,423
241,617	1,322	48,463	548,244
-	-	-	26,219
5,980	120,352	19,760	577,727
-	-	-	178,899
-	138,013	270,238	1,829,321
-	9,230	12,631	214,452
<u>\$ 247,597</u>	<u>\$ 268,917</u>	<u>\$ 607,832</u>	<u>\$ 3,884,285</u>

<u>168,417</u>	<u>341,033</u>	<u>( 17,513)</u>	<u>1,091,612</u>
<u>\$ 416,014</u>	<u>\$ 609,950</u>	<u>\$ 590,319</u>	<u>\$ 4,975,897</u>

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2008

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
<b>Revenues:</b>			
Taxes	\$ 476,770	\$ 661,198	\$ 301,530
Licenses and permits	155,547	-	-
Intergovernmental	923,786	640,202	31,762
Fees, charges, and commissions for services	120,090	-	-
Fines and forfeitures	-	-	-
Interest and miscellaneous	18,515	40,222	21,086
	<u>\$ 1,694,708</u>	<u>\$ 1,341,622</u>	<u>\$ 354,378</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Legislative	\$ 111,919	\$ -	\$ -
Judicial	234,839	-	-
Elections	68,404	-	-
Finance and administrative	299,225	-	-
Other	46,651	-	-
Public safety	612,026	-	-
Public works	-	1,068,247	124,400
Building maintenance	-	-	-
Health and welfare	125,821	-	-
Economic development and assistance	461,709	-	-
<b>Debt service:</b>			
Principal	6,426	11,359	-
Interest	7,974	805	-
Capital outlay	8,054	23,572	87,240
	<u>\$ 1,983,048</u>	<u>\$ 1,103,983</u>	<u>\$ 211,640</u>

<u>Solid Waste</u>	<u>Health Unit</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 1,508,944	\$ 135,556	\$ 258,973	\$ 3,342,971
-	-	-	155,547
-	480	20,760	1,616,990
-	-	79,814	199,904
-	-	144,585	144,585
<u>10,505</u>	<u>4,258</u>	<u>2,308</u>	<u>96,894</u>
<u>\$ 1,519,449</u>	<u>\$ 140,294</u>	<u>\$ 506,440</u>	<u>\$ 5,556,891</u>

\$ -	\$ -	\$ -	\$ 111,919
-	-	382,215	617,054
-	-	-	68,404
-	-	-	299,225
-	-	-	46,651
-	-	-	612,026
1,665,142	-	-	2,857,789
-	-	127,626	127,626
-	56,540	11,118	193,479
-	-	-	461,709
-	-	-	17,785
-	-	-	8,779
<u>1,682</u>	<u>13,650</u>	<u>-</u>	<u>134,198</u>
<u>\$ 1,666,824</u>	<u>\$ 70,190</u>	<u>\$ 520,959</u>	<u>\$ 5,556,644</u>

(continued)

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)  
For the Year Ended December 31, 2008

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
Excess (deficiency) of revenues over expenditures	\$( 288,340)	\$ 237,639	\$ 142,639
Other financing sources:			
Sale of assets	<u>          -</u>	<u>      26,935</u>	<u>       1,200</u>
Net changes in fund balances	\$( 288,340)	\$ 264,574	\$ 143,938
Fund balances (deficit) - beginning	( 578,970)	494,717	563,756
Prior period adjustment	<u>( 79,095)</u>	<u>      79,095</u>	<u>          -</u>
Fund balances (deficit) - ending	<u>\$( 946,405)</u>	<u>\$ 838,386</u>	<u>\$ 707,694</u>

See notes to financial statements.

<u>Solid Waste</u>	<u>Health Unit</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$( 147,375)	\$ 70,104	\$( 14,519)	\$ 247
<u>-</u>	<u>-</u>	<u>-</u>	<u>28,135</u>
\$( 147,375)	\$ 70,104	\$( 14,519)	\$ 28,382
315,792	270,929	( 2,994)	1,063,230
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 168,417</u>	<u>\$ 341,033</u>	<u>\$( 17,513)</u>	<u>\$ 1,091,612</u>

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
December 31, 2008

Total fund balances - governmental funds balance sheet	\$ 1,091,612
Amounts reported for governmental activities in statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,511,823
Bank notes, judgments, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	<u>( 56,091)</u>
Total net assets of governmental activities - government-wide statement of net assets	<u>\$ 11,547,344</u>

See notes to financial statements.

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
December 31, 2008

Net changes in fund balances - governmental funds \$ 28,382

Amounts reported for governmental activities in statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$378,220) and other (\$262) exceeded capital outlays (\$134,198) in the current period. ( 244,284)

Compensated absences accruing during the current period and reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. ( 9,144)

Governmental funds report principal payments on long-term obligations as an expense when actually paid. However, in the statement of activities, principal payments are reported as reductions of the related debt. This is the amount related to this reporting difference. 17,785

The proceeds from the sale of assets (\$28,135) are reported as financing sources in the governmental funds. However, the original cost of the assets sold (\$221,691) and the related accumulated depreciation (\$218,682) are removed from the capital assets accounts in the statement of net assets and offset against the sale proceeds resulting in a "gain on sale of assets" in the statement of activities. Thus, more revenue is reported in the governmental funds than the gain (\$25,126) reported in the statement of activities. ( 3,009)

Changes in net assets of governmental activities - government-wide statement of activities \$( 210,270)

See notes to financial statements.



MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2008

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 will expire on December 31, 2011.

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 in part is provided by ad valorem taxes, sales taxes, severance taxes, permits, state revenue sharing, and various other state and federal grants.

The parish is located in northeast Louisiana and its population is approximately 29,700. Approximately 540 miles of roads are maintained by the parish. The Jury employs approximately 30 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.

The more significant of the Jury's accounting policies are described below:

Financial Reporting Entity:

As the governing authority of the parish, for reporting purposes, the 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.

NOTES TO FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be considered part of the 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:

<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
Rankin-Lightwood Sewer System	12-31	2

## NOTES TO FINANCIAL STATEMENTS

The primary government's (Jury's) financial statements include all funds under the Jury's control and certain organizations for which the Jury maintains the accounting records. The Jury maintains the accounting records for Fourth District Criminal Court Fund. This fund is considered a part of the Jury and is included in the primary government financial statements as it is not considered to be a separate reporting entity. The Jury has chosen to issue financial statements of the primary government (Jury) only; therefore none of the previously listed component units are included in the accompanying financial statements. The effect of the omission of these component units is unknown.

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 primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Jury).

Also 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, 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 for the Fourth Judicial District, 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.

## NOTES TO FINANCIAL STATEMENTS

### Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and the statement of activities that report financial information for the primary government (Jury). Individual funds are not displayed but the statements report governmental activities, generally supported by taxes and intergovernmental revenues. The Jury has no business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report licenses, permits, fees, fines, forfeitures, and other charges to users of the Jury's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

### Fund Financial Statements:

Fund financial statements are provided for governmental funds with major individual governmental funds reported in separate columns and a composite column for non-major governmental funds.

### Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the Jury are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

## NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Jury considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest related to long-term debt which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual are ad valorem taxes, sales taxes, gross receipts taxes, intergovernmental revenues, and fines and forfeitures. In general, other revenues are recognized when cash is received.

### Fund Types and Major Funds:

The Jury reports the following major governmental funds:

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.

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 equipment.

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 and maintaining the health unit.

## NOTES TO FINANCIAL STATEMENTS

### Budgets and Budgetary Accounting:

Preliminary budgets for the ensuing year are prepared by the secretary and treasurer prior to December 31 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 of the Jury. 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 a December meeting and notice of adoption, that includes budget summaries, is published in the official journal.

The secretary and treasurer present necessary budget amendments to the Jury during the year when, in their judgement, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Jury reviews the proposed amendments, makes changes as it deems necessary, and formally adopts the amendments as it deems necessary. The formal adoption of amendments is included in the Jury's minutes published in the Jury's official journal.

The Jury adopted annual budgets for all of the governmental funds on December 27, 2007 except for the Agriculture Center. The annual budgets were prepared on a non-GAAP budgetary basis of accounting. No amendments were approved by the Jury. The budgetary comparison schedules included in the accompanying financial statements include the original and final adopted budgets. All annual appropriations lapse at fiscal year end.

### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

### Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of three months or less from the date of acquisition. 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.

State law and the Jury's investment policy allow the Jury to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

If the original maturities of time deposits exceed 90 days, they are classified as investments. As of December 31, 2008, the Jury's investments consisted of non-negotiable certificates of deposit.

### Receivables:

Significant receivables include ad valorem taxes and intergovernmental revenues. Intergovernmental receivables are primarily comprised of severance taxes and Parish Transportation Act funds.

### Uncollectible Allowance:

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

### Interfund Transactions:

Activity between funds for goods or services rendered, resulting from coding errors, and other miscellaneous receivables/payables outstanding at the end of the fiscal year are reported as due to/from other funds (i.e. the current portion of interfund loans) in the fund financial statements.

Transfers and payments within the reporting entity that are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis are reported as operating transfers between funds of the reporting entity.

Interfund transactions are eliminated in the government-wide financial statements while all are reported in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Capital Assets and Depreciation:

Capital assets, which include property, plant, and equipment, with useful lives of more than one year, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are stated at fair value on the date of donation.

The Jury generally capitalizes individual infrastructure assets with cost of \$100,000 or more and all other assets with cost of \$1,000 or more as purchase and construction outlays occur. Jury's management opted, upon implementing GASB No. 34 during the year ended December 31, 2004, not to retroactively report general infrastructure assets as there was no debt associated with those assets.

The costs of normal maintenance and repairs not adding to an asset's value or materially extending its useful life are not capitalized. Upon disposition of capital assets, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

As surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 15 years

### Deferred Revenue:

The Jury reports deferred revenue which arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and revenue is recognized.



## NOTES TO FINANCIAL STATEMENTS

### 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.

Full-time employees of the Fourth Judicial District Criminal Court 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.

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

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

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

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

## NOTES TO FINANCIAL STATEMENTS

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

Estimated accrued compensated absences resulting from unused annual leave at the end of the fiscal year are recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits or personal holidays upon termination of employment. No liability has been recorded in the government-wide or fund financial statements for the immaterial amount of accrued salaries earned by the employees as of December 31, 2008.

Compensated absences are paid from the fund responsible for the employee's compensation.

### Long-Term Liabilities:

In the government-wide financial statements, outstanding debt is reported as liabilities. The fund financial statements recognize proceeds of debt as other financing sources of the current period. Expenditures for long-term debt principal and interest payments are recorded in the fund financial statements in the year due.

### Equity Classifications:

In the government-wide financial statements, equity is classified as net assets and classified into two components:

1. Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of the assets.
2. Unrestricted - consists of all other assets.

In the fund financial statements, governmental fund balances are classified as unreserved and undesignated as amounts are available for appropriation, not legally restricted for specified purposes, have deficit balances, or restrictions are immaterial.

## NOTES TO FINANCIAL STATEMENTS

### 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 recorded 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.

### Note 2. Deficit Fund Balances and Prior Period Adjustment

As of December 31, 2008, the fund balance of the General Fund was in a deficit position of \$946,405 compared to a deficit position of \$578,970 as of December 31, 2007. The majority of the deficit resulted from a prior period adjustment of \$226,584 being recorded in the year ended December 31, 2006 for an amount owed to a component unit. No particular incident led to the remainder of the decline other than just the overall financial burden placed on the Jury. As of the date of this report, management of the Jury had no specific plans to alleviate or decrease the deficit.

The Criminal Court Fund also had a deficit fund balance of \$283,024 as of December 31, 2008 increasing from a deficit balance as of December 31, 2007 of \$109,872. The deficit resulted strictly from expenditures exceeding revenues. Jury's management will alleviate the deficit by requesting allocations from the District Attorney's office which is normal practice for the Jury but only \$65,000 was requested and received in 2007 with no requests even being made during 2008.

In the fund financial statements only, a prior period adjustment of \$79,095 was made to record the amount of FEMA funds that were received in 2007 as reimbursement for repair and maintenance projects originally funded by the Road Maintenance Fund but deposited upon receipt into the General Fund.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)

For the year ended December 31, 2008, actual expenditure and other financing uses of the General Fund of \$1,982,882 exceeded budgeted expenditures and other financing uses of \$1,817,634 by \$165,248 or 9.1%. Unfavorable variances occurred in the majority of all expenditure functions.

Actual expenditures and other financing uses of the Road Maintenance Fund of \$1,104,768 also exceeded budgeted expenditures and other financing uses of \$1,022,239 for the year ended December 31, 2008 by \$82,529 or 8.1%. Unfavorable variances occurred in all expenditure functions.

### Note 4. Deposits with Financial Institutions

The following is a summary of cash, cash equivalents, and investments (book balances) as of December 31, 2008:

Interest bearing demand deposits (net overdrawn)	\$ 200,094
Non-interest bearing demand deposits	54,246
Time deposits	<u>1,590,000</u>
	<u>\$ 1,844,340</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.

As of December 31, 2008, the Jury had \$1,930,032 in deposits (collected bank balances). These deposits were secured from risk by \$812,957 of federal deposit insurance and \$1,117,075 of pledged securities held by the Jury or its agent in the Jury's name.

There were no repurchase or reverse repurchase agreements at December 31, 2008. The Jury had not formally adopted deposit and investment policies as of December 31, 2008 that limit the Jury's allowable deposits or investments and address the specific types of risk to which the Jury is exposed.

NOTES TO FINANCIAL STATEMENTS

Note 5. Receivables

A summary of receivables as of December 31, 2008 is as follows:

	General	Road	Drainage	Solid	Health	Other	Total
	Maintenance	Maintenance	Maintenance	Waste	Unit	Governmental	Governmental
	\$	\$	\$	\$	\$	\$	Funds
Taxes:							
Ad valorem	\$ 440,234	\$ 691,256	\$ 332,459	-	\$ 141,813	\$ 275,953	\$ 1,881,715
Franchise	14,093	-	-	-	-	-	14,093
Sales	-	-	-	2,843	-	-	2,843
Licenses and permits	18,160	-	-	-	-	-	18,160
Intergovernmental:							
Beer taxes	4,267	-	-	-	-	-	4,267
Severance taxes	28,131	-	-	-	-	-	28,131
Parish transportation	-	70,914	-	-	-	-	70,914
Fees, charges, and commissions for services	10,885	-	-	-	-	2,809	13,694
Fines and forfeitures	-	-	-	-	-	4,540	4,540
Interest and miscellaneous	14	2,479	2,623	55	717	162	6,050
	<u>\$ 515,784</u>	<u>\$ 764,649</u>	<u>\$ 335,082</u>	<u>\$ 2,898</u>	<u>\$ 142,530</u>	<u>\$ 283,464</u>	<u>\$ 2,044,407</u>

(This page intentionally printed in this format due to spacing restrictions.)

NOTES TO FINANCIAL STATEMENTS

Note 6. Taxes

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

	<u>Maximum</u> <u>Millage</u>	<u>Levied</u> <u>Millage</u>	<u>Expiration</u> <u>Date</u>
General corporate purposes	6.16	6.16	Perpetual
Road maintenance	4.89	4.89	2018
Drainage maintenance	2.23	2.23	2017
Public buildings	.53	.53	2015
Public buildings and health facility	.89	.89	2017
Health unit	1.00	1.00	2011
Agriculture center	.50	.50	2016

Total ad valorem taxes levied were \$1,829,322 for the above millages. As of December 31, 2008, \$214,452 of ad valorem taxes had been paid under protest from prior years' tax levies and recorded as a liability. Another \$52,392 of taxes paid under protest and being held by Morehouse Parish Sheriff were included in the amount recorded as receivable as of December 31, 2008 in each of the applicable funds.

The following were the principal ad valorem taxpayers for Morehouse Parish as a whole:

<u>Taxpayer</u>	<u>Total</u> <u>Assessed</u> <u>Valuation</u>
International Paper Co.	\$ 23,994,500
Texas Gas Transmission Corp.	5,433,170
Entergy Louisiana Holdings	5,292,950
International Paper Company	4,584,980

For the year ended December 31, 2008, sales taxes were levied as follows:

<u>Rate</u>	<u>Purpose</u>	<u>Expiration Date</u>
½%	constructing, acquiring, maintaining, improving, and operating a solid waste collection and disposal system for parish, including the closing of existing landfills	April 30, 2015

NOTES TO FINANCIAL STATEMENTS

Note 7. Interfund Receivables and Payables

A summary of amounts due from/to other funds as of December 31, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Road Maintenance	\$ 12,936
General	Solid Waste	747
General	Health Unit	4,650
Road Maintenance	General	249,797
Road Maintenance	Drainage Maintenance	103,180
Road Maintenance	Building Maintenance	1,326
Road Maintenance	Solid Waste	5,233
Road Maintenance	Health Unit	1,706
Road Maintenance	Criminal Court	18,434
Drainage Maintenance	General	3,296
Building Maintenance	General	3,699
Building Maintenance	Road Maintenance	1,200
Building Maintenance	Health Unit	113,996
Health Unit	General	1,478
Agriculture Center	General	246
Solid Waste	General	3,803
Solid Waste	Road	<u>52,000</u>
		<u>\$ 577,727</u>

During the course of operations, numerous transactions occur between individual funds for goods or services rendered and for amounts recorded in incorrect funds. These receivables and payables are classified as due from other funds or due to other funds in the fund financial statements. All interfund balances are expected to be repaid within one year from the date of the financial statements as funds become available.

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital Assets and Depreciation

Capital assets and depreciation activity as of and for the year ended December 31, 2008 for the governmental activities is as follows:

	Balance - January 1, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Other/ Reclassify</u>	Balance - December 31, <u>2008</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 754,579	\$ -	\$ -	\$ -	\$ 754,579
Construction in progress	<u>168,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,109</u>
Total capital assets, not being depreciated	<u>\$ 922,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922,688</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 12,107,429	\$ -	\$ -	\$ -	\$ 12,107,429
Machinery and equipment	<u>1,851,408</u>	<u>133,936</u>	<u>( 221,691)</u>	<u>-</u>	<u>1,763,653</u>
Total capital assets being depreciated	<u>\$ 13,958,837</u>	<u>\$ 133,936</u>	<u>\$( 221,691)</u>	<u>\$ -</u>	<u>\$ 13,871,082</u>
Less accumulated depreciation for:					
Buildings and improvements	\$ 2,567,818	\$ 295,050	\$ -	\$ -	\$ 2,862,868
Machinery and equipment	<u>1,554,591</u>	<u>83,170</u>	<u>( 218,682)</u>	<u>-</u>	<u>1,419,079</u>
Total accumulated depreciation	<u>\$ 4,122,409</u>	<u>\$ 378,220</u>	<u>\$( 218,682)</u>	<u>\$ -</u>	<u>\$ 4,281,947</u>
Total capital assets being depreciated, net	<u>\$ 9,836,428</u>	<u>\$( 244,284)</u>	<u>\$( 3,009)</u>	<u>\$ -</u>	<u>\$ 9,589,135</u>



NOTES TO FINANCIAL STATEMENTS

Depreciation expense of the Jury for the year ended December 31, 2008 was charged to the following governmental functions:

Judicial	\$ 169,210
Elections	5,735
Finance and administrative	7,409
Other	9,509
Public safety	80,720
Public works	69,071
Building maintenance	655
Health and welfare	32,848
Economic development and assistance	<u>3,063</u>
	<u>\$ 378,220</u>

Note 9. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the year ended December 31, 2008:

	<u>Bank Loan</u>	<u>Claims and Judgments</u>	<u>Compensated Absences</u>	<u>Totals</u>
Balance -				
January 1, 2008	\$ 15,348	\$ 25,543	\$ 23,841	\$ 64,732
Additions	-	-	9,144	9,144
Retirements	<u>( 11,359)</u>	<u>( 6,426)</u>	<u>-</u>	<u>( 17,785)</u>
Balance -				
December 31, 2008	<u>\$ 3,989</u>	<u>\$ 19,117</u>	<u>\$ 32,985</u>	<u>\$ 56,091</u>

The following is a summary of the current (due within one year) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2008:

	<u>Bank Loan</u>	<u>Claims and Judgments</u>	<u>Compensated Absences</u>	<u>Totals</u>
Current	\$ 3,989	\$ 6,336	\$ 32,985	\$ 43,310
Long-term	<u>-</u>	<u>12,781</u>	<u>-</u>	<u>12,781</u>
	<u>\$ 3,989</u>	<u>\$ 19,117</u>	<u>\$ 32,985</u>	<u>\$ 56,091</u>

## NOTES TO FINANCIAL STATEMENTS

During 2006, the Jury borrowed \$32,500 from a local financial institution and purchased a pothole patcher. The note is payable in monthly installments of \$1,014, bears interest at 7.75%, and matures over a period of three years. The Road Maintenance Fund will pay the final installment on the bank loan payable during the year ending December 31, 2009.

The claims and judgments payable as of December 31, 2008 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 is being paid by monthly installments ranging from \$1,000 to \$1,250 through December 2011 from the General Fund.

The annual requirements to amortize the claims and judgements outstanding as of December 31, 2008, including interest, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 6,336	\$ 8,664	\$ 15,000
2010	5,998	9,002	15,000
2011	<u>6,783</u>	<u>8,217</u>	<u>15,000</u>
	<u>\$ 19,117</u>	<u>\$ 25,883</u>	<u>\$ 45,000</u>

As of December 31, 2008, employees of the Jury had accumulated and vested \$32,984 of employee leave benefits, which were computed in accordance with GASB Codification Section C60. \$2,092 of the compensated absences liability will be liquidated by the General Fund, \$6,263 by the Road Maintenance Fund, \$359 by the Drainage Maintenance Fund, \$1,730 by the Solid Waste Fund, and \$22,540 by the Criminal Court Fund.

The Jury incurred and charged to expense \$8,779 of interest costs related to the bank loan and claims and judgements payables during the year ended December 31, 2008

### Note 10. Pension Plan and other Liabilities

#### Plan Description:

Substantially all employees of the 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.

## NOTES TO FINANCIAL STATEMENTS

### Employee Eligibility Requirements:

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

### 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. The 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 13.25 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, 2008, 2007, and 2006 were \$83,127, \$85,789, and \$85,807, respectively, equal to the required contributions for each year.

## NOTES TO FINANCIAL STATEMENTS

### Legislative Changes:

Act 584 of 2006 implemented a new plan of benefits for employees hired January 1, 2007 and later. The changes affected the final average compensation, eligibility ages for normal retirement, years of service required for disability retirement eligibility, and the payment date of actuarial cost of leave conversion.

### Other Pension Liabilities:

The Jury pays a portion of the salaries for employees of the registrar of voters and Fourth Judicial District. These employees are also covered by multiple-employer public employees retirement systems requiring employee and employer 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.

### Note 11. 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 previous year's 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. As of December 31, 2008, the Criminal Court Fund had a deficit fund balance of \$283,024 discussed further in Note 2.

### Note 12. Operating Lease

As of December 31, 2008, the Jury had entered into an equipment operating lease having initial or remaining noncancellable terms in excess of one year. The annual commitments under this lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2009	\$ 19,463
2010	19,463
2011	<u>4,866</u>
Total	<u>\$ 43,792</u>

The Jury made rental payments of \$21,120 from the Road Maintenance Fund during the year ended December 31, 2008 under the operating lease.

## NOTES TO FINANCIAL STATEMENTS

### Note 13. On-Behalf Payments for Salaries

For the year ended December 31, 2008, the Jury recognized revenues and expenditures of \$13,200 in salary supplements from State of Louisiana paid directly to justices of the peace and constables.

### 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 workers' compensation. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

As of December 31, 2008, the Jury had been named as the defendant in one lawsuit arising principally in the normal course of operations and relating to risks which are commercially insured. The Jury believes it has meritorious defenses and is vigorously defending the claim. Accordingly, no provision for losses 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 collectibility of any related receivable at December 31, 2008 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.

## NOTES TO FINANCIAL STATEMENTS

### Note 15. Commitments and Uncertainties

On March 17, 2004, the Jury entered into a cooperative agreement with State of Louisiana, Office of Facility Planning and Control for \$350,000 to be utilized for the planning and construction of an equine center for the parish. The agreement included a \$50,000 local match to be met by the use of parish-owned land on which to construct the center. An amendment to the original agreement was made on December 9, 2004 to increase the state's funding to \$700,000. As of December 31, 2004, \$168,109 of the state's funding had been expended on the project. During the year ended December 31, 2006, the state awarded the Jury an additional \$2,000,000 for the project.

In the 2008 Act 29 the project name was changed to the Morehouse Activity Center and showed \$2,500,000 funding in Priority 1 cash line of credit and \$1,300,000 in Priority 5 non-cash line of credit, totaling \$3,800,000 in funding. This brought the total project funding to \$4,500,000. No additional expenditures have been incurred since 2004 on the project.

On September 18, 2007, the Jury's president signed a reimbursement grant contract for professional services related to a hazard mitigation plan pilot program with a budget limit of \$150,000. As of December 31, 2008, the Jury had only paid and been reimbursed \$11,250 under the contract but as of the date of this report, the project is complete at a total cost of \$146,000.

In November 2008, employees of International Paper Company were informed that the mill was closing indefinitely leaving 550 individuals without employment. As previously communicated in Note 6, the vast majority of the Jury's ad valorem taxes are currently generated by the mill. Local sales taxes paid by the mill have been estimated at approximately \$15 million (15 to 20 percent of the total) by the local sales tax commission's administrator. The mill's manager estimated that the total current payroll of the mill prior to closure was approximately \$30 million. The full impact of this event is definitely uncertain as of the date of this report.

### Note 16. New Accounting Pronouncements

In November 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requiring the accrual of postemployment benefits for retired employees. The Jury is required, if applicable, to implement this pronouncement for the fiscal year ending December 31, 2009. The Jury has not yet determined the full impact that adoption of GASB Statement No. 45 will have on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)**

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - GENERAL FUND  
For the Year Ended December 31, 2008

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Taxes	\$ 445,000	\$ 445,000	\$ 462,018	\$ 17,018
Licenses and permits	149,000	149,000	131,301	( 17,699)
Intergovernmental	1,008,634	1,008,634	985,254	( 23,380)
Fees, charges, and commissions for services	120,000	120,000	130,610	10,610
Interest and miscellaneous	95,000	95,000	18,872	( 76,128)
	<u>\$ 1,817,634</u>	<u>\$ 1,817,634</u>	<u>\$ 1,728,055</u>	<u>\$( 89,579)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Legislative	\$ 98,389	\$ 98,389	\$ 112,405	\$( 14,016)
Judicial	279,542	279,542	241,036	38,506
Elections	51,306	51,306	61,941	( 10,635)
Finance and administrative	182,500	182,500	289,214	( 106,714)
Other	20,244	20,244	22,590	( 2,346)
Public safety	579,524	579,524	621,998	( 42,474)
Health and welfare	77,916	77,916	130,782	( 52,866)
Economic development and assistance	482,770	482,770	480,462	2,308
<b>Debt service:</b>				
Principal	-	-	6,426	( 6,426)
Interest	-	-	7,974	( 7,974)
Capital outlay	45,443	45,443	8,054	37,389
	<u>\$ 1,817,634</u>	<u>\$ 1,817,634</u>	<u>\$ 1,982,882</u>	<u>\$( 165,248)</u>

(continued)



MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - GENERAL FUND (Continued)  
For the Year Ended December 31, 2008

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$( 254,827)	\$( 254,827)
Fund balances (deficit) - beginning (non-GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>( 658,066)</u>	<u>( 658,066)</u>
Fund balances (deficit) - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	\$( 912,893)	<u>\$( 912,893)</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			( 31,044)	
Deferred revenue accruals			( 2,304)	
Expenditure accruals			<u>( 164)</u>	
Fund balance (deficit) - ending (GAAP basis)			<u>\$( 946,405)</u>	

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - ROAD MAINTENANCE FUND  
For the Year Ended December 31, 2008

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 604,000	\$ 604,000	\$ 641,645	\$ 37,645
Intergovernmental	343,008	343,008	603,476	260,468
Interest and miscellaneous	<u>73,731</u>	<u>73,731</u>	<u>40,644</u>	<u>( 33,087)</u>
	<u>\$ 1,020,739</u>	<u>\$ 1,020,739</u>	<u>\$ 1,285,765</u>	<u>\$ 265,026</u>
Expenditures:				
Current:				
Public works	\$ 1,022,239	\$ 1,022,239	\$ 1,069,032	\$( 46,793)
Debt service:				
Principal	-	-	11,359	( 11,359)
Interest	-	-	805	( 805)
Capital outlay	<u>-</u>	<u>-</u>	<u>23,572</u>	<u>( 23,572)</u>
	<u>\$ 1,022,239</u>	<u>\$ 1,022,239</u>	<u>\$ 1,104,768</u>	<u>\$( 82,529)</u>
Excess (deficiency) of revenues over expenditures	\$( 1,500)	\$( 1,500)	\$ 180,997	\$ 182,497
Other financing sources:				
Sale of assets	<u>1,500</u>	<u>1,500</u>	<u>26,935</u>	<u>25,435</u>

(continued)

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - ROAD MAINTENANCE FUND (Continued)  
For the Year Ended December 31, 2008

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Net changes in fund balances	\$ -	\$ -	\$ 207,932	\$ 207,932
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>573,813</u>	<u>573,813</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	\$ 781,745	<u>\$ 781,745</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			57,205	
Deferred revenue accruals			( 1,348)	
Expenditure accruals			<u>784</u>	
Fund balance - ending (GAAP basis)			<u>\$ 838,386</u>	

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - DRAINAGE MAINTENANCE FUND  
For the Year Ended December 31, 2008

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Taxes	\$ 275,000	\$ 275,000	\$ 292,613	\$ 17,613
Intergovernmental	10,334	10,334	31,762	21,428
Interest and miscellaneous	<u>24,000</u>	<u>24,000</u>	<u>25,603</u>	<u>1,603</u>
	<u>\$ 309,334</u>	<u>\$ 309,334</u>	<u>\$ 349,978</u>	<u>\$ 40,644</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public works	\$ 271,970	\$ 271,970	\$ 126,990	\$ 144,980
Capital outlay	<u>37,364</u>	<u>37,364</u>	<u>87,240</u>	<u>( 49,876)</u>
	<u>\$ 309,334</u>	<u>\$ 309,334</u>	<u>\$ 214,230</u>	<u>\$ 95,104</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ 135,748	\$ 135,748
<b>Other financing sources:</b>				
Sale of assets	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Net changes in fund balances	\$ -	\$ -	\$ 136,948	\$ 136,948
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>563,756</u>	<u>563,756</u>
Fund balances - ending (non- GAAP budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	\$ 700,704	<u>\$ 700,704</u>
<b>Adjustments to generally accepted accounting principles:</b>				
Revenue accruals			22,237	
Deferred revenue accruals			( 17,838)	
Expenditure accruals			<u>2,591</u>	
Fund balance - ending (GAAP basis)			<u>\$ 707,694</u>	

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - SOLID WASTE FUND  
For the Year Ended December 31, 2008

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,508,030	\$ 108,030
Interest and miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>10,450</u>	<u>450</u>
	<u>\$ 1,410,000</u>	<u>\$ 1,410,000</u>	<u>\$ 1,518,480</u>	<u>\$ 108,480</u>
Expenditures:				
Current:				
Public works	\$ 1,410,000	\$ 1,410,000	\$ 1,426,869	\$( 16,869)
Capital outlay	<u>-</u>	<u>-</u>	<u>1,682</u>	<u>( 1,682)</u>
	<u>\$ 1,410,000</u>	<u>\$ 1,410,000</u>	<u>\$ 1,428,551</u>	<u>\$( 18,551)</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ 89,929	\$ 89,929
Fund balances - beginning (non-GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>315,792</u>	<u>315,792</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	\$ 405,721	<u>\$ 405,721</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			970	
Expenditure accruals			<u>( 238,274)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 168,417</u>	

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND - HEALTH UNIT FUND  
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable ( <u>Unfavorable</u> )
<b>Revenues:</b>				
Taxes	\$ 124,000	\$ 124,000	\$ 131,557	\$ 7,557
Intergovernmental	-	-	480	480
Interest and miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>5,435</u>	( <u>565</u> )
	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 137,472</u>	<u>\$ 7,472</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Health and welfare	\$ 120,000	\$ 120,000	\$ 56,398	\$ 63,602
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>13,650</u>	( <u>3,650</u> )
	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 70,048</u>	<u>\$ 59,952</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ 67,424	\$ 67,424
Fund balances - beginning (non-GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>270,930</u>	<u>270,930</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	\$ 338,354	<u>\$ 338,354</u>
<b>Adjustments to generally accepted accounting principles:</b>				
Revenue accruals			3,570	
Deferred revenue accruals			( 748)	
Expenditure accruals			<u>( 143)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 341,033</u>	

**OTHER SUPPLEMENTARY INFORMATION**

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
December 31, 2008

	<u>Building Maintenance</u>	<u>Agriculture Center</u>	<u>Witness Fees</u>	<u>Juror Fees</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,843	\$ 56,786	\$ 11,147	\$ 15,938
Investments	75,000	-	-	-
Receivables	207,547	68,565	2,811	-
Due from other funds	<u>118,894</u>	<u>247</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 430,284</u>	<u>\$ 125,598</u>	<u>\$ 13,958</u>	<u>\$ 15,938</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	22,199	889	950	12,034
Due to other funds	1,326	-	-	-
Deferred revenue	201,963	68,275	-	-
Property taxes paid under protest	<u>12,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ 238,119	\$ 69,164	\$ 950	\$ 12,034
Fund balances (deficit) - unreserved and undesignated	<u>192,165</u>	<u>56,434</u>	<u>13,008</u>	<u>3,904</u>
Total liabilities and fund fund balances	<u>\$ 430,284</u>	<u>\$ 125,598</u>	<u>\$ 13,958</u>	<u>\$ 15,938</u>



<u>Criminal Court</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ 112,714
-	75,000
4,541	283,464
-	119,141
<u>\$ 4,541</u>	<u>\$ 590,319</u>

\$ 256,740	\$ 256,740
12,390	48,462
18,435	19,761
-	270,238
-	12,631
\$ 287,565	\$ 607,832

( 283,024)   ( 17,513)

\$ 4,541   \$ 590,319

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2008

	<u>Building Maintenance</u>	<u>Agriculture Center</u>	<u>Witness Fees</u>	<u>Juror Fees</u>
Revenues:				
Taxes	\$ 191,668	\$ 67,305	\$ -	\$ -
Intergovernmental	20,760	-	-	-
Fees, charges, and commissions for services	12,800	-	12,416	54,598
Fines and forfeitures	-	-	-	-
Interest and miscellaneous	1,471	-	203	-
	<u>\$ 226,699</u>	<u>\$ 67,305</u>	<u>\$ 12,619</u>	<u>\$ 54,598</u>
Expenditures:				
Current:				
General government:				
Judicial	\$ -	\$ -	\$ 20,294	\$ 43,549
Building maintenance	127,626	-	-	-
Health and welfare	-	11,118	-	-
	<u>\$ 127,626</u>	<u>\$ 11,118</u>	<u>\$ 20,294</u>	<u>\$ 43,549</u>
Excess (deficiency) of revenues over expenditures	\$ 99,073	\$ 56,187	\$( 7,675)	\$ 11,049
Fund balances (deficit) - beginning	<u>93,092</u>	<u>247</u>	<u>20,683</u>	<u>( 7,145)</u>
Fund balances (deficit) - ending	<u>\$ 192,165</u>	<u>\$ 56,434</u>	<u>\$ 13,008</u>	<u>\$ 3,904</u>

<u>Criminal Court</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ 258,973
-	20,760
-	79,814
144,585	144,585
634	2,308
<u>\$ 145,219</u>	<u>\$ 506,440</u>

\$ 318,372	\$ 382,215
-	127,626
-	11,118
<u>\$ 318,372</u>	<u>\$ 520,959</u>

\$( 173,153)	\$( 14,519)
<u>( 109,871)</u>	<u>( 2,994)</u>
<u>\$( 283,024)</u>	<u>\$( 17,513)</u>

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF JURORS' COMPENSATION  
For the Year Ended December 31, 2008

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:

Terry R. Matthews	\$ 12,600
Jason Crockett	9,844
Jack Cockrell	9,265
Issac C. Gray	9,265
Mark Sistrunk	9,265
Joseph F. Tomboli	9,265
Harry Reese, Sr.	9,600
D.W. Thomas, Jr.	356
Jerry J. Johnson	335
Bernie Turner	335
Ben L. White	<u>335</u>
 Total jurors' compensation	 <u>\$ 70,465</u>

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As of and for the Year Ended December 31, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Homeland Security/ Louisiana Office of Homeland Security and Emergency Preparedness/ Emergency Management			
Performance Grant	97.042	EMPG	\$ 20,174
Disaster Grants - Public Assistance	97.036	1668-DR-LA	37,176
Hazard Mitigation Grant	97.039	1607-067-0001	<u>134,750</u>
Total - Department of Homeland Security			\$ 192,100
 Department of Housing and Urban Development/ Louisiana Division of Administration/ Section 8 Housing Choice Vouchers	 14.871	 LA258	 461,709
 United States Department of Interior/ Fish and Wildlife Service/ Refuge Revenue Sharing	 15.FWS	 FWS/R4/ARW/RE	 38,380
 Accessible Polling Places		 75-4-1536	 <u>1,919</u>
 Total expenditures of federal awards			 <u>\$ 694,108</u>

See notes to schedule of expenditures of federal awards.

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As of and for the Year Ended December 31, 2008

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 basic financial statements.

Note 2. Subrecipient

All of the federal expenditures of Section 8 Housing Choice Vouchers presented in the schedule were provided to a subrecipient.

# HILL, INZINA & COMPANY

---

---

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish Police Jury (the "Jury"), as of and for the year ended December 31, 2008, which collectively comprise the Jury's basic financial statements and have issued our report thereon dated July 7, 2009. 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.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jury's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jury's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jury's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Jury's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Jury's financial statements that is more than inconsequential will not be prevented or detected by the Jury's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1, 2008-2, and 2008-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Jury's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above as item 2008-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jury's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2008-4 and 2008-5.

The Jury's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Jury's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, 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. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

*/s/Hill, Inzina & Co.*

July 7, 2009



# 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 (the "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 each of its major federal programs for the year ended December 31, 2008. The Jury's major federal programs are 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 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, the 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, 2008.

### Internal Control Over Compliance

The management of the Jury is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants

applicable to federal programs. In planning and performing our audit, we considered the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Jury's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Jury's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Jury's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Jury's internal control. We consider item 2008-1 described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Jury's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Jury's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, 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. However, under Louisiana Revised Statute 24:5313, this report is distributed by Louisiana Legislative Auditor as a public document.

*/s/Hill, Inzina & Co.*

July 7, 2009

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION  
As of and for the Year Ended December 31, 2008

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish Police Jury (the "Jury"), as of and for the year ended December 31, 2008, which collectively comprise the Jury's basic financial statements and have issued our report thereon dated July 7, 2009. 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, 2008 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

- a. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control

Reportable Condition  Yes  No

Material Weakness  Yes  No

Compliance

Material to Financial Statements  Yes  No

- b. Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Type of Opinion on Compliance  
for Major Programs

Unqualified  Qualified   
Disclaimer  Adverse

Internal Control

Significant Deficiency  Yes  No

Material Weakness  Yes  No

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?  
 Yes  No

c. Identification of Major Programs:

CFDA Number 14.871  
Section 8 Housing Choice Vouchers

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

Section II - Financial Statement Findings

2008-1 Inadequate Segregation of Duties (initially cited in first 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.

Cause: The condition is due to economic limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's response and planned corrective action: We concur in the finding, but it is not economically feasible for corrective action to be taken.

2008-2 Internal Control over Financial Reporting (initially cited as of and for the year ended December 31, 2006)

Criteria: Management of the Jury should have sufficient capable expertise to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and the related footnotes. Internal controls should be adopted and implemented to prevent, detect, or correct a misstatement in the financial statements or footnotes.

Condition: Although management of the Jury does not actually prepare and draft the financial statements and the related footnotes, they do have the capacity and experience to oversee the process. They provide all of the information to be included and they understand the presentation.

Cause: The condition is due to economic limitations.

Effect: Misstatements in the financial statements or footnotes may not be detected within a timely period.

Recommendation: No action is recommended.

Management's response and planned corrective action: We concur in the finding, but it is not economically feasible for the Jury to acquire this expertise but a computer consultant is frequently utilized by the Jury's treasurer.

2008-3 Improvement of Controls (initially cited as of and for the year ended December 31, 2003)

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

State law requires the Jury to exercise diligence and care in preserving public records.

Condition: No bank reconciliations for either of the Jury's two bank accounts were performed or retained for 2007 or 2008. As all of the funds' cash except for payroll is held in a 'master' account, the amount available for each fund throughout 2007 and 2008 was not known. Hard copies of the 2007 and 2008 year-to-date general ledgers, trial balances, budgets, cash receipts journal, cash disbursements journal, etc. were produced by the Jury's treasurer only after being requested to perform the audit. Without this financial information being requested by and made available to the jurors on a regular basis during the year, they were not able to timely review, monitor, and compare actual operations nor to make prudent financial decisions.

While performing procedures and making inquiries in response to the Jury not preparing monthly bank reconciliations, \$181,519 of receipts were found that had not been recorded while \$64,031 was found to be recorded twice.

Four of the ten individual funds' deposits that are maintained in the 'master' account reported overdrawn cash balances as of December 31, 2008.

Forms 1099 annually provided by the banks to report interest earnings were not retained.

While reading the minutes of the Jury's meetings held relevant to the audit period, it was noted on numerous occasions that the Jury would approve taking certain action but upon inquiry as to when the action took place, the auditor was informed that action was never taken.

While performing audit procedures, it was noted that the premium for the Jury's entire workers' compensation policy in effect for the majority of the period under audit was paid from the Road Maintenance Fund.

Grant agreements, requests for funds therefrom, supporting documentation of expenditures thereof, etc. were not available for all FEMA and OEP funding received in 2007 and 2008. Also, because of the lack of record retention, the current parish manager is not sure if adequate documentation was retained under the supervision of the former parish manager to satisfy the strict requirements of FEMA and possible additional reimbursement funding by FEMA will not be requested at the Jury's discretion.

Fixed assets records for 2008 were not completed until requested for the audit. The accuracy of the fixed asset records are not being verified by a physical inventory of each individual department on a regular basis.

On May 30, 2007, Bastrop Area Fire Protection District Number 2 (a component unit of the Jury) requested that the Jury enter into some form of written, formal agreement with the District as to the amount owed and the source and timeliness of the repayment of the approximate \$250,000 determined to be payable to the District by the Jury as of December 31, 2005. As of the date of this report, no agreement has been reached and reduced to writing. However, the Jury has continued to make sporadic payments to the District and paid approximately \$27,000 to the District during 2008.

Cause:

An internal control system has not been designed and implemented to ensure that adequate controls are in place in all areas to provide reasonable assurance that assets are safeguarded against loss. Management of the Jury is not seeking advice and reviewing transactions and records on a regular basis to ensure that financial related matters are in accordance with management's authorization and objectives.

**Effect:** Lack of controls has possibly resulted in improper accounting, loss of assets, and transactions not executed in accordance with management's authorization.

**Recommendation:** The secretary, treasurer, and parish road manager should work together and with the jurors to ensure that transactions and records are generated and retained according to management.

Care must be taken by the Jury to assure that resources are generated to replenish the individual funds with overdrawn balances and that restricted funds are expended only for appropriate purposes.

Care should be taken by the Jury to formally rescind any previously approved matters that will not be actually undertaken. Care should be taken when recording payments to correctly determine which fund and function to charge the expenditures and likewise as to the correct fund and revenue source when recording receipts.

**Management's response and planned corrective action:**

Controls will be reviewed, revised, and implemented to ensure that transactions are properly accounted for and executed as authorized and that assets are safeguarded against loss.

2008-4 Noncompliance with Local Government Budget Act (initially cited as of the for the year ended December 31, 2007)

**Criteria:** The Local Government Budget Act requires that the chief executive officer or equivalent notify in writing the governing authority during the year when actual receipts and other financing sources plus projected revenue collections and other financing sources for the year fail to meet budgeted revenues and other financing sources by 5% or more, or when actual expenditures and other financing uses plus projected expenditures and other financing uses to year end exceed budgeted expenditures and other financing uses by 5% or more.

The act also requires budgets to be adopted for all special revenue funds.

**Condition:** For the year ended December 31, 2008, actual expenditure and other financing uses of the General Fund of \$1,982,882 exceeded budgeted expenditures and other financing uses of \$1,817,634 by \$165,248 or 9.1%. Unfavorable variances occurred in the majority of all expenditure functions.

Actual expenditures and other financing uses of the Road Maintenance Fund of \$1,104,768 also exceeded budgeted expenditures and other financing uses of \$1,022,239 for the year ended December 31, 2008 by \$82,529 or 8.1%. Unfavorable variances occurred in all expenditure functions.

A 2008 budget was not adopted for the Agriculture Center Fund.

**Cause:** The budgets were not effectively monitored and amended and a required budget was not adopted.

**Effect:** The Jury is in violation of the Local Government Budget Act.

**Recommendation:** The Local Government Budget Act should be reviewed to ensure compliance with all requirements.

**Management's  
response and  
planned cor-  
rective action:**

In the future, budgets will be adopted, monitored, and amended.

2008-5 **Repayment of Amounts Due to Other Funds (initially cited as of and for the year ended December 31, 2007)**

**Criteria:** Deposits to and expenditures from individual funds should be restricted to those amounts authorized by state statutes, tax propositions, budget ordinances, and management's authorization.

**Condition:** For the current and previous audit periods, amounts have been recorded as payable to other funds resulting from deposits being made to or payments being made from an incorrect fund.



Cause: The majority of the net interfund payables totaling \$577,727 as of December 31, 2008 were recorded for:

1. \$100,000 certificate of deposit of the Road Maintenance Fund being credited to the Drainage Maintenance Fund in error upon maturing,
2. \$52,000 from the sale of a distributor truck originally purchased by the Solid Waste Fund being erroneously deposited into the Road Maintenance Fund,
3. \$153,707 received from FEMA as reimbursement for repair and maintenance projects originally funded by the Road Maintenance Fund being erroneously deposited into the General Fund, and
4. \$112,597 of ad valorem tax receipts restricted for the Building Maintenance Fund being deposited erroneously into the Health Unit Fund.

Effect: The affected individual funds should have access to the amounts to which they are legally entitled.

Recommendation: As funds become available, amounts due to other funds should be repaid.

Management's  
response and  
planned cor-  
rective action:

Repayments of amounts due to other funds will be paid as funds become available.

### Section III - Federal Awards Finding

2008-1 Inadequate Segregation of Duties  
(See 2008-1 in Section II.)

Program: Section 8 Housing Choice Vouchers

### Section IV - Management Letter

None issued.

MOREHOUSE PARISH POLICE JURY  
BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
As of and for the Year Ended December 31, 2008

Section I - Financial Statement Findings

2007-1 Inadequate Segregation of Duties

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

Unresolved - 2008-1.

2007-2 Internal Control over Financial Reporting

Management of the Jury should have sufficient capable expertise to prepare financial statements and the related footnotes in accordance with accounting principles generally accepted in the United States of America.

Unresolved - 2008-2.

2007-3 Noncompliance

The Jury is in violation of state statutes and possibly terms of grant agreements.

Resolved.

2007-4 Improvement of Controls

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

Unresolved - 2008-3.

2007-5 Noncompliance with Local Government  
Budget Act

The Local Government Budget Act requires that the chief executive officer or equivalent notify in writing the governing authority during the year when budgets need amending due to unfavorable variances and that budgets be adopted for all special revenue funds.

Unresolved - 2008-4.

2007-6 Repayment of Amounts Due to Other Funds

Deposits to and expenditures from individual funds should be restricted to those amounts authorized by state statutes, tax propositions, budget ordinances, and management's authorization.

Unresolved - 2008-5.

Section II - Management Letter

None issued.