

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

FINANCIAL REPORT

December 31, 2012

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 NOV 06 2013

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

TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1 - 4
REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)	
Management's discussion and analysis	5 - 10
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position - primary government - governmental activities	11
Statement of activities - primary government - governmental activities	12
Fund financial statements	
Balance sheet - governmental funds	13
Statement of revenues, expenditures, and changes in fund balances - governmental funds	14 and 15
Reconciliation of governmental funds balance sheet to government-wide statement of net position	16
Reconciliation of governmental funds statement of revenues, expenditures, and changes in fund balances to government-wide statement of activities	17
Notes to financial statements	18 - 39
REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)	
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	40 and 41
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - road maintenance fund	42 and 43
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - drainage maintenance fund	44
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - building maintenance fund	45

	Page(s)
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - solid waste fund	46
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - health unit fund	47
Schedule of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - governmental fund - criminal court fund	48
Note to budgetary comparison schedule	49
 OTHER SUPPLEMENTARY INFORMATION	
Combining financial statements	
Combining balance sheet - non-major governmental funds	50
Combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	51
Schedule of jurors' compensation	52
Schedule of expenditures of federal awards	53
Notes to schedule of expenditures of federal awards	54
 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 <i>GOVERNMENT AUDITING STANDARDS</i>	 55 and 56
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	 57 - 59
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION	 60 - 68
 SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	 69 and 70

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT

Police Jurors
Morehouse Parish Police Jury
Bastrop, Louisiana

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Jury's primary government as listed in the table of contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Jury's preparation and fair presentation of the financial statements in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jury's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for all of the Jury's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Jury's primary government unless the Jury also issues financial statements for the financial reporting entity that include the financial data for its component units. The Jury has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units that would have been presented are not reasonably determinable. In addition, the assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information would have increased by an amount that is also not reasonably determinable.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Jury as of December 31, 2012, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate fund information of the Jury as of December 31, 2012, and the changes in financial position thereof for the year then ended in accordance with accounting principles in the United States of America.

Unmodified Opinions

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 of the Jury as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule be presented to supplement the basic financial statements of the Jury's primary government. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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. The other supplementary information is presented for purposes of additional analysis and is 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

As described in the notes to the financial statements, the Jury adopted the provisions of GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in 2012

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2013, 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* in considering the Jury's internal control over financial reporting and compliance.

/s/ Hill, Inzina & Co

August 21, 2013

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, 2012

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, 2012. 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 the 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 position 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 position 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 position. Over time, increases or decreases in net position 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 position 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, building maintenance, 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 position of the Jury's governmental activities as of December 31

	<u>2012</u>	<u>2011</u>
Other assets	\$ 6,834,475	\$ 6,144,204
Capital assets	<u>14,116,065</u>	<u>14,625,949</u>
Total assets	<u>\$ 20,950,540</u>	<u>\$ 20,770,153</u>
Other liabilities	\$ 4,860,815	\$ 4,291,762
Long-term liabilities	<u>396,000</u>	<u>505,513</u>
Total liabilities	<u>\$ 5,256,815</u>	<u>\$ 4,797,275</u>
Net position		
Net investment in capital assets	\$ 13,754,497	\$ 14,149,086
Restricted for special revenue	4,128,384	3,130,638
Unrestricted	<u>(2,189,156)</u>	<u>(1,306,846)</u>
Total net position	<u>\$ 15,693,725</u>	<u>\$ 15,972,878</u>

As noted earlier, net position may serve over time as a useful indicator of the Jury's financial position. The Jury will use the unrestricted net position 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 position between the two years ended December 31

	<u>2012</u>	<u>2011</u>
Revenues		
Program revenues		
Charges for services	\$ 594,644	\$ 291,698
Operating grants and contributions	67,177	765,519
Capital grants and contributions	10,000	601,104
General revenues:		
Taxes	3,758,803	3,643,429
Intergovernmental	1,423,753	1,271,062
Unrestricted investment earnings and miscellaneous	100,198	147,906
Special item		
Gain on sale of capital assets	<u>21,100</u>	<u>-</u>
Total revenues and special item	<u>\$ 5,975,675</u>	<u>\$ 6,720,718</u>
Expenses		
General government	\$ 1,309,483	\$ 1,151,081
Public safety	577,793	575,663
Public works	2,823,942	2,691,863
Building maintenance	505,943	716,432
Health and welfare	328,003	272,055
Economic development and assistance	639,444	604,616
Debt service	<u>24,447</u>	<u>9,296</u>
Total expenses	<u>\$ 6,209,055</u>	<u>\$ 6,021,006</u>
Change in net position	\$(233,380)	\$ 699,712
Net position - beginning	<u>15,927,105</u>	<u>15,273,166</u>
Net position - ending	<u>\$ 15,693,725</u>	<u>\$ 15,972,878</u>

The Jury's total revenues decreased by \$745,043 while its total expenses increased by \$188,049. The revenue decreased largely due to grants and contributions.

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>2012</u>	<u>2011</u>
General	\$(1,411,507)	\$(1,323,969)
Road Maintenance	698,598	659,315
Drainage Maintenance	1,155,334	974,502
Building Maintenance	(62,077)	153,122
Solid Waste	1,078,005	749,739
Health Unit	576,292	548,429
Criminal Court	(319,572)	(167,139)

Determination of the Jury's major governmental funds are made for each audit period. The majority of the fund balances of the governmental funds was restricted for special revenue as of December 31, 2012. The deficit fund balances of the General Fund and Criminal Court Fund are discussed further in Note 2.

Budgetary Highlights

Budgets for all funds were adopted for the year ended December 31, 2012 which complied with financial policies approved by the jurors and maintained core Jury services. There were significant (exceeding 5% or more) budget variances in four of the seven major governmental funds for the year ended December 31, 2012.

Capital Assets and Debt Administration

The Jury's major capital asset addition during the current fiscal year was the purchase of a building and land costing \$130,000 to house the solid waste department funded entirely with available fund balance. Depreciation of capital assets of \$718,085 for the year ended December 31, 2012 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 government obligation contract that will be liquidated by the Solid Waste Fund and compensated absences, the majority of which will be liquidated by the Criminal Court Fund. No new debt was incurred by the Jury during the year ended December 31, 2012.

Economic Factors and Next Year's Budget

The Jury adopted original budgets for all funds for the year ended December 31, 2013 totaling \$5,380,961 of revenues and \$5,301,272 of expenditures on December 28, 2012. These budgets reflect an approximate \$155,000 and \$101,000 decrease in revenues and expenditures, respectively, from the 2012 final budgets.

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, 125 East Madison Avenue, Bastrop, Louisiana 71220.

BASIC FINANCIAL STATEMENTS

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT -
GOVERNMENTAL ACTIVITIES**

December 31 , 2012

ASSETS

Cash	\$ 3,953,088
Investments	540,000
Receivables	2,341,387
Capital assets	
Land	783,626
Other capital assets, net of depreciation	<u>13,332,439</u>
Total assets	<u>\$ 20,950,540</u>

LIABILITIES

Bank overdrafts	\$ 2,108,978
Accounts payable	378,799
Payroll accruals and withholdings	74,900
Deferred revenue	2,083,686
Property taxes paid under protest	214,452
Long-term liabilities	
Due within one year	<u>396,000</u>
Total liabilities	<u>\$ 5,256,815</u>

NET POSITION

Net investment in capital assets	\$ 13,754,497
Restricted for special revenue	4,128,384
Unrestricted	<u>(2,189,156)</u>
Total net position	<u>\$ 15,693,725</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, 2012**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes In Net Position</u>
Functions/Programs					
Current					
General government					
Legislative	\$ 93,731	\$ -	\$ -	\$ -	\$(93,731)
Judicial	722,603	272,734	18,177	-	(431,692)
Elections	54,426	-	-	-	(54,426)
Finance and administrative	357,865	228,560	-	-	(129,305)
Other	80,858	-	-	-	(80,858)
Public safety	577,793	-	-	10,000	(567,793)
Public works	2,823,942	65,333	49,000	-	(2,709,609)
Building maintenance	505,943	28,017	-	-	(477,926)
Health and welfare	328,003	-	-	-	(328,003)
Economic development and assistance	639,444	-	-	-	(639,444)
Debt service					
Interest	24,447	-	-	-	(24,447)
Total governmental activities	<u>\$ 6,209,055</u>	<u>\$ 594,644</u>	<u>\$ 67,177</u>	<u>\$ 10,000</u>	<u>\$(5,537,234)</u>
General revenues					
Taxes					\$ 3,758,803
Intergovernmental					1,423,753
Unrestricted investment earnings and miscellaneous					100,198
Special item					-
Gain on sale of capital assets					<u>21,100</u>
Total general revenues and special item					<u>\$ 5,303,854</u>
Changes in net position					\$(233,380)
Net position - beginning					<u>15,927,105</u>
Net position - ending					<u>\$ 15,693,725</u>

See notes to financial statements

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
ASSETS			
Cash	\$ 477,506	\$ 620,388	\$ 796,107
Investments	25,000	100,000	375,000
Receivables	617,888	859,071	365,002
Due from other funds	<u>45,705</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,166,099</u>	<u>\$ 1,579,459</u>	<u>\$ 1,536,109</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Bank overdraft	\$ 1,695,692	\$ -	\$ -
Accounts payable	155,984	50,181	7,386
Payroll accruals and withholdings	74,900	-	-
Due to other funds	-	17,272	1,699
Deferred revenue	521,775	769,913	351,849
Property taxes paid under protest	<u>129,255</u>	<u>43,495</u>	<u>19,841</u>
Total liabilities	<u>\$ 2,577,606</u>	<u>\$ 880,861</u>	<u>\$ 380,775</u>
Fund balances			
Restricted for special revenue	\$ -	\$ 698,598	\$ 1,155,334
Unassigned for special revenue	-	-	-
Unassigned	<u>(1,411,507)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$(1,411,507)</u>	<u>\$ 698,598</u>	<u>\$ 1,155,334</u>
Total liabilities and fund balances	<u>\$ 1,166,099</u>	<u>\$ 1,579,459</u>	<u>\$ 1,536,109</u>

<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 75,408	\$ 1,178,930	\$ 557,289	\$ -	\$ 247,460	\$ 3,953,088
-	-	25,000	-	15,000	540,000
246,540	5,229	143,962	16,466	87,229	2,341,387
-	-	-	-	-	45,705
<u>\$ 321,948</u>	<u>\$ 1,184,159</u>	<u>\$ 726,251</u>	<u>\$ 16,466</u>	<u>\$ 349,689</u>	<u>\$ 6,880,180</u>
\$ 87,715	\$ -	\$ -	\$ 325,571	\$ -	\$ 2,108,978
59,185	92,292	1,322	-	12,449	378,799
-	-	-	-	-	74,900
975	13,862	1,430	10,467	-	45,705
223,519	-	137,977	-	78,653	2,083,686
12,631	-	9,230	-	-	214,452
<u>\$ 384,025</u>	<u>\$ 106,154</u>	<u>\$ 149,959</u>	<u>\$ 336,038</u>	<u>\$ 91,102</u>	<u>\$ 4,906,520</u>
\$ -	\$ 1,078,005	\$ 576,292	\$ -	\$ 258,587	\$ 3,766,816
(62,077)	-	-	(319,572)	-	(381,649)
-	-	-	-	-	(1,411,507)
<u>\$(62,077)</u>	<u>\$ 1,078,005</u>	<u>\$ 576,292</u>	<u>\$(319,572)</u>	<u>\$ 258,587</u>	<u>\$ 1,973,660</u>
<u>\$ 321,948</u>	<u>\$ 1,184,159</u>	<u>\$ 726,251</u>	<u>\$ 16,466</u>	<u>\$ 349,689</u>	<u>\$ 6,880,180</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

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

For the Year Ended December 31, 2012

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
Revenues			
Taxes	\$ 599,905	\$ 860,128	\$ 337,075
Licenses and permits	186,355	-	-
Intergovernmental	864,683	538,904	29,795
Fees, charges, and commissions for services	42,205	-	-
Fines and forfeitures	-	-	-
Interest and miscellaneous	68,032	6,031	2,758
	<u>\$ 1,761,180</u>	<u>\$ 1,405,063</u>	<u>\$ 369,628</u>
Expenditures			
Current:			
General government:			
Legislative	\$ 93,731	\$ -	\$ -
Judicial	153,270	-	-
Election	46,590	-	-
Finance and administrative	352,736	-	-
Other	70,123	-	-
Public safety	497,073	-	-
Public works	1,939	1,376,573	188,795
Building maintenance	-	-	-
Health and welfare	101,056	-	-
Economic development and assistance	527,710	-	-
Debt service:			
Principal	465	-	-
Interest	2,035	-	-
Capital outlay	1,991	29,008	-
	<u>\$ 1,848,719</u>	<u>\$ 1,405,581</u>	<u>\$ 188,795</u>

<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 214,657	\$ 1,520,279	\$ 151,152	\$ -	\$ 75,607	\$ 3,758,803
-	-	-	-	-	186,355
49,973	-	7,366	-	209	1,490,930
28,017	65,333	-	-	78,086	213,641
-	-	-	194,648	-	194,648
21,131	1,439	757	-	50	100,198
<u>\$ 313,778</u>	<u>\$ 1,587,051</u>	<u>\$ 159,275</u>	<u>\$ 194,648</u>	<u>\$ 153,952</u>	<u>\$ 5,944,575</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,731
-	-	-	347,081	50,950	551,301
-	-	-	-	-	46,590
-	-	-	-	-	352,736
-	-	-	-	-	70,123
-	-	-	-	-	497,073
-	961,500	-	-	-	2,528,807
502,683	-	-	-	-	502,683
-	-	131,412	-	57,085	289,553
-	-	-	-	-	527,710
-	115,295	-	-	-	115,760
-	22,412	-	-	-	24,447
26,294	159,578	-	-	-	216,871
<u>\$ 528,977</u>	<u>\$ 1,258,785</u>	<u>\$ 131,412</u>	<u>\$ 347,081</u>	<u>\$ 108,035</u>	<u>\$ 5,817,385</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, 2012

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
Excess (deficiency) of revenues over expenditures	\$(87,539)	\$(518)	\$ 180,833
Other financing sources (uses)			
Sale of capital assets	\$ 39,800	\$ -	\$ -
Operating transfers in (out)	<u>(39,800)</u>	<u>39,800</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net changes in fund balances	\$(87,539)	\$ 39,282	\$ 180,833
Fund balances (deficit) - beginning	<u>(1,323,968)</u>	<u>659,316</u>	<u>974,501</u>
Fund balances (deficit) - ending	<u><u>\$(1,411,507)</u></u>	<u><u>\$ 698,598</u></u>	<u><u>\$ 1,155,334</u></u>

See notes to financial statements

<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>\$(215,199)</u>	<u>\$ 328,266</u>	<u>\$ 27,863</u>	<u>\$(152,433)</u>	<u>\$ 45,917</u>	<u>\$ 127,190</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,800
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,800</u>
<u>\$(215,199)</u>	<u>\$ 328,266</u>	<u>\$ 27,863</u>	<u>\$(152,433)</u>	<u>\$ 45,917</u>	<u>\$ 166,990</u>
<u>153,122</u>	<u>749,739</u>	<u>548,429</u>	<u>(167,139)</u>	<u>212,670</u>	<u>1,806,670</u>
<u>\$(62,077)</u>	<u>\$ 1,078,005</u>	<u>\$ 576,292</u>	<u>\$(319,572)</u>	<u>\$ 258,587</u>	<u>\$ 1,973,660</u>

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2012**

Total fund balances - governmental funds balance sheet	\$ 1,973,660
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	14,116,065
Contracts and compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(396,000)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 15,693,725</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, 2012

Net changes in fund balances - governmental funds	\$ 166,990
Amounts reported for governmental activities in statement of activities are different because	
Governmental funds report only capital assets acquired with financial resources. However, in the statement of activities, the costs of assets donated are recorded at fair value on the date of donation.	10,000
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 (\$718,085) exceeded capital outlays (\$216,871) and other (\$30) in the current period.	(501,184)
In the statement of activities, only the net gain on the sale of capital assets (\$21,100) is reported, whereas in the governmental funds, the proceeds from the sale (\$39,800) increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the capital assets sold.	(18,700)
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.	(6,246)
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.	<u>115,760</u>
Changes in net position of governmental activities - government-wide statement of activities	<u><u>\$(233,380)</u></u>

See notes to financial statements

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012**

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, 2015.

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 27,980. Approximately 540 miles of roads are maintained by the parish. The Jury employs approximately 60 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
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

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 position 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, as well as expenditures related to compensated absences, which are reported as expenditures in the year due. This same measurement focus and basis of accounting is used to calculate expenditures of federal awards.

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.

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

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

Health Unit Fund - constructing and maintaining the health unit.

Criminal Court Fund - accounts for the operations of the Fourth Judicial District Criminal Court in the parish.

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 treasurer presents necessary budget amendments to the Jury during the year when, in her judgement, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the 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, 2011. The annual budgets were prepared on a non-GAAP budgetary basis of accounting. Final amendments were approved by the Jury on December 28, 2012. Actual copies of the amendments were not retained in and made a part of the Jury's official minutes. Final amended budget amounts included in budget comparison reports prepared by the treasurer are reflected in the financial statements. 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 allows 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, 2012, the Jury's investments consisted of non-negotiable certificates of deposit.

Receivables

Significant receivables include ad valorem taxes revenues.

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, resulting from inadequate payroll transfers, 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, 2012.

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 statements, equity is classified as net position and displayed in three components:

- 1 Net investment 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 that are attributable to the acquisition, construction, or improvement of those assets
- 2 Restricted - consists of net position with constraints placed on its use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation
- 3 Unrestricted - consists of all other assets that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt"

NOTES TO FINANCIAL STATEMENTS

In the fund financial statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Jury implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Jury's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 1 Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact,
- 2 Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation,
- 3 Committed fund balance - amounts constrained to specific purposes by the Jury itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Jury takes the same highest level action to remove or change the constraint,
- 4 Assigned fund balance - amounts that the Jury intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority,
- 5 Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General Fund

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.

NOTES TO FINANCIAL STATEMENTS

Note 2 Deficit Fund Balances

As of December 31, 2012, the fund balance of the General Fund was in a deficit position of \$1,411,507 compared to a deficit position of \$1,323,969 as of December 31, 2011. The deficit originated when a prior period adjustment of \$226,584 was recorded in the year ended December 31, 2005 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 over the years. During the years ended December 31, 2008, 2009, and 2010, annual deficit spending ranged from \$219,986 to \$293,816. As of the date of this report, management of the Jury has no specific plan to alleviate the deficit.

The Building Maintenance Fund incurred a deficit in the current year ended December 31, 2012 resulting in part by intergovernmental revenues decreasing from \$385,600 for the year ended December 31, 2011 to \$49,973 for the current year. Expenditures likewise decreased from the year ended December 31, 2011 to the current year by \$212,212.

The Criminal Court Fund also had a deficit fund balance of \$319,572 as of December 31, 2012 increasing significantly from a deficit balance as of December 31, 2011 of \$167,139. The deficit continues to increase 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 although no funds were requested during the year ended December 31, 2012. Only \$50,000 was requested and received in 2011 while \$200,000 and \$235,000 was requested and received in 2010 and 2009 respectively.

NOTES TO FINANCIAL STATEMENTS

Note 3 Deposits with Financial Institutions

The following is a summary of cash and investments (book balances) as of December 31, 2012

Interest bearing demand deposits (net overdrawn)	\$ 166,907
Non-interest bearing demand deposits	15,454
Time deposits	<u>2,201,749</u>
	<u>\$ 2,384,110</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, 2012, the Jury had \$2,417,161 in deposits (collected bank balances). These deposits were secured from risk by \$723,120 of federal deposit insurance and \$1,694,041 of pledged securities held by the counterparty's trust department or agent in the Jury's name.

There were no repurchase or reverse repurchase agreements at December 31, 2012. The Jury had not formally adopted deposit and investment policies as of December 31, 2012 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 4 Receivables

A summary of receivables as of December 31, 2012 is as follows.

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>	<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Taxes									
Ad valorem	\$ 546,770	\$ 798,103	\$ 365,002	\$ 231,824	\$ -	\$ 143,962	\$ -	\$ 79,907	\$ 2,165,568
Gross receipts	17,850	-	-	-	-	-	-	-	17,850
Intergovernmental									
Beer tax	2,914	-	-	-	-	-	-	-	2,914
Parish Transportation Act	-	60,875	-	-	-	-	-	-	60,875
Severance taxes	36,430	-	-	-	-	-	-	-	36,430
State grants	-	-	-	12,150	-	-	-	-	12,150
Fees, charges, and commissions for services	13,924	93	-	2,566	5,229	-	-	-	21,812
Fines and forfeitures	-	-	-	-	-	-	16,466	7,322	23,788
	<u>\$ 617,888</u>	<u>\$ 859,071</u>	<u>\$ 365,002</u>	<u>\$ 246,540</u>	<u>\$ 5,229</u>	<u>\$ 143,962</u>	<u>\$ 16,466</u>	<u>\$ 87,229</u>	<u>\$ 2,341,387</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 5 Taxes

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

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration 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	2021
Agriculture center	50	50	2016

Total ad valorem taxes levied were \$2,032,212 for the above millages. As of December 31, 2012, \$214,452 of ad valorem taxes had been paid under protest from prior years' tax levies and recorded as a liability. Another \$106,762 of taxes paid under protest and being held by Morehouse Parish Sheriff were included in the amount recorded as receivable as of December 31, 2012 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 Assessed Valuation</u>
Entergy Louisiana Holdings, Inc	\$ 6,563,980
Midcontinent Express Pipeline, LLC	6,531,420
Texas Gas Transmission Corp	6,256,630
Gulf Crossing Pipeline Company	4,907,880

For the year ended December 31, 2012, sales taxes were levied as follows

<u>Rate</u>	<u>Purpose</u>	<u>Expiration Date</u>
½%	constructing, reconstructing, repairing, maintaining, and improving roads, bridges, and related drainage improvements	perpetual
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 6 Interfund Receivables and Payables

A summary of amounts due from/to other funds as of December 31, 2012 is as follows

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Payroll	Road Maintenance	\$ 17,272
Payroll	Drainage Maintenance	1,699
Payroll	Building Maintenance	975
Payroll	Solid Waste	13,862
Payroll	Health Unit	1,430
Payroll	Criminal Court	<u>10,467</u>
		<u>\$ 45,705</u>

During the course of operations, transactions occur between individual funds resulting in inadequate payroll transfers. These receivables and payables are classified as due from other funds or due to other funds in the fund financial statements. Repayment of amounts due to other funds will be made during the next fiscal year.

NOTES TO FINANCIAL STATEMENTS

Note 7 Capital Assets and Depreciation

Capital assets and depreciation activity as of and for the year ended December 31, 2012 for the governmental activities is as follows:

	Balance - January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance - December 31, <u>2012</u>
Governmental activities				
Capital assets, not being depreciated				
Land	<u>\$ 800,332</u>	<u>\$ 1,944</u>	<u>\$ (18,700)</u>	<u>\$ 783,626</u>
Capital assets being depreciated				
Buildings and improvements	\$ 16,345,756	\$ 128,006	\$(68,245)	\$ 16,405,517
Machinery and equipment	<u>3,282,790</u>	<u>96,900</u>	<u>-</u>	<u>3,379,690</u>
Total capital assets being depreciated	<u>\$ 19,628,546</u>	<u>\$ 224,906</u>	<u>\$ (68,245)</u>	<u>\$ 19,785,207</u>
Less accumulated depreciation for				
Buildings and improvements	\$ 3,881,773	\$ 404,329	\$(68,245)	\$ 4,217,857
Machinery and equipment	<u>1,921,155</u>	<u>313,756</u>	<u>-</u>	<u>2,234,911</u>
Total accumulated depreciation	<u>\$ 5,802,928</u>	<u>\$ 718,085</u>	<u>\$ (68,245)</u>	<u>\$ 6,452,768</u>
Total capital assets being depreciated, net	<u>\$ 13,825,618</u>	<u>\$ (493,179)</u>	<u>\$ -</u>	<u>\$ 13,332,439</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense of the Jury for the year ended December 31, 2012 was charged to the following governmental functions

Judicial	\$ 168,515
Elections	7,836
Finance and administrative	4,723
Other	10,735
Public safety	80,720
Public works	293,452
Building maintenance	2,870
Health and welfare	37,500
Economic development and assistance	<u>111,734</u>
	<u>\$ 718,085</u>

Note 8 Long-Term Liabilities

The following is a summary of long-term obligation transactions for the year ended December 31, 2012

	<u>Obligation Contract</u>	<u>Claims and Judgments</u>	<u>Compensated Absences</u>	<u>Totals</u>
Balance -				
January 1, 2012	\$ 476,863	\$ 465	\$ 28,186	\$ 505,514
Additions	-	-	6,246	6,246
Retirements	<u>(115,295)</u>	<u>(465)</u>	<u>-</u>	<u>(115,760)</u>
Balance -				
December 31, 2012	<u>\$ 361,568</u>	<u>\$ -</u>	<u>\$ 34,432</u>	<u>\$ 396,000</u>

All of the long-term liabilities are current (due within one year) as of December 31, 2012.

In August 2011, the Jury borrowed \$752,277 from a Kansas financial institution to purchase five garbage trucks \$275,414 was repaid at the closing of the government obligation contract The contract is payable in two annual installments commencing on August 5, 2012 The contract bears interest at approximately 4 5%

The Solid Waste Fund will amortize the contract obligation during the year ending December 31, 2013 with a final payment of \$378,562 of which \$16,994 will be interest

NOTES TO FINANCIAL STATEMENTS

The Jury incurred and charged to expense \$24,447 of interest costs related to the payment of long-term obligations during the year ended December 31, 2012

As of December 31, 2012, employees of the Jury had accumulated and vested \$34,432 of employee leave benefits, which were computed in accordance with GASB Codification Section C60. The majority of the compensated absences liability will be liquidated by the Criminal Court Fund

Note 9 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.

Employee Eligibility Requirements

All employees working at least 28 hours per week are eligible to participate.

Retirement Benefits

<u>Minimum Age</u>	<u>Years of Service</u>	<u>Factor</u>	<u>Percent of Final Average Salary</u>
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, P O Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

NOTES TO FINANCIAL STATEMENTS

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 15.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The Jury's contributions to the System under Plan A for the years ended December 31, 2012, 2011, and 2010 were \$134,584, \$133,698, and \$122,379, respectively, equal to the required contributions for each year.

Other Pension Liabilities

The Jury pays a portion of the salaries for employees of the registrar of voters and Fourth Judicial District Criminal Court. These employees are also covered by multiple-employer public employees retirement systems requiring 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 10 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, has not been material in relation to the financial statements as a whole. As of December 31, 2012, the Criminal Court Fund had a deficit fund balance of \$319,572 discussed further in Note 2.

NOTES TO FINANCIAL STATEMENTS

Note 11 Operating Lease

As of December 31, 2012, the Jury had entered into two equipment operating leases having initial or remaining noncancellable terms in excess of one year. The annual commitments under the leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2013	\$ 58,080
2014	58,080
2015	37,749
2016	30,972
2017	<u>7,743</u>
Total	<u>\$ 192,624</u>

The Jury made rental payments of \$52,918 from the Road Maintenance Fund during the year ended December 31, 2012 under these operating leases.

Note 12 On-Behalf Payments for Salaries

For the year ended December 31, 2012, the Jury recognized revenues and expenditures of \$18,177 in salary supplements from State of Louisiana paid directly to justices of the peace and constables.

Note 13 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, 2012, the Jury was involved in two ongoing personal injury suits, one related to an auto accident and the other to a slip and fall. Both matters are being defended by the Jury's insurance defense counsel. This counsel is of the opinion that there is little or no liability on the Jury's part in the auto accident case. Discovery is complete in the slip and fall case with counsel considering it to be one of potential liability on the part of the Jury. Counsel believes that a verdict including general damages is likely to fall in the range of \$180,000 to \$230,000 with the Jury's portion being 30% of the verdict. As of the date of this report, no dollar amounts have been discussed by the counsel directly with the Jury. No matter the outcome of this case, the Jury will only be exposed to the \$50,000 deductible.

NOTES TO 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, 2012 may be impaired. In the opinion of the Jury's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 14 Subsequent Events

Subsequent events were evaluated through August 21, 2013, which is the day the financial statements were available to be issued, and it was determined that no significant events had occurred requiring disclosure.

Note 15 New Accounting Pronouncements

During the year ended December 31, 2012, the Jury adopted GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In April 2012, GASB issued Statement No 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows or resources or deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB Statement No 65 must be implemented by the Jury for the year ending December 31, 2013. The effect of implementation on the Jury's financial statements has not yet been determined.

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, 2012**

	<u>Budget</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 582,970	\$ 577,732	\$ 600,225	\$ 22,493
Licenses and permits	140,000	177,015	181,976	4,961
Intergovernmental	1,115,555	740,162	862,397	122,235
Fees, charges, and commissions for services	30,000	41,059	42,202	1,143
Interest and miscellaneous	<u>3,000</u>	<u>64,740</u>	<u>61,909</u>	<u>(2,831)</u>
	<u>\$ 1,871,525</u>	<u>\$ 1,600,708</u>	<u>\$ 1,748,709</u>	<u>\$ 148,001</u>
Expenditures:				
Current:				
General government				
Legislative	\$ 78,429	\$ 142,700	\$ 93,731	\$ 48,969
Judicial	123,920	122,775	138,910	(16,135)
Elections	55,445	44,507	46,834	(2,327)
Finance and administrative	543,462	275,239	354,039	(78,800)
Other	24,769	7,821	70,222	(62,401)
Public safety	284,000	403,143	416,543	(13,400)
Public works	15,000	1,719	1,726	(7)
Health and welfare	141,500	106,816	112,190	(5,374)
Economic development and assistance	600,000	568,800	498,537	70,263
Debt service				
Principal	-	-	465	(465)
Interest	-	-	2,035	(2,035)
Capital outlay	<u>5,000</u>	<u>32,549</u>	<u>31,164</u>	<u>1,385</u>
	<u>\$ 1,871,525</u>	<u>\$ 1,706,069</u>	<u>\$ 1,766,396</u>	<u>\$(60,327)</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, 2012

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$(105,361)	\$(17,687)	\$ 87,674
Other financing sources (uses)				
Sale of capital assets	\$ -	\$ -	\$ 39,800	\$ 39,800
Operating transfers in (out)	-	-	(39,800)	(39,800)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$(105,361)	\$(17,687)	\$ 87,674
Fund balances (deficit) - beginning (non-GAAP and GAAP budgetary basis)	-	-	(1,323,968)	(1,323,968)
Fund balances (deficit) - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$(105,361)</u>	<u>\$(1,341,655)</u>	<u>\$(1,236,294)</u>
Adjustments to generally accepted accounting principles				
Revenue accruals			31,276	
Deferred revenue accruals			(18,805)	
Expenditure accruals			<u>(82,323)</u>	
Fund balance (deficit) - ending (GAAP basis)			<u>\$(1,411,507)</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, 2012

	<u>Budget</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues				
Taxes	\$ 744,699	\$ 826,983	\$ 861,247	\$ 34,264
Intergovernmental	365,000	383,060	478,029	94,969
Interest and miscellaneous	<u>1,500</u>	<u>87,835</u>	<u>5,983</u>	<u>(81,897)</u>
	<u>\$ 1,111,199</u>	<u>\$ 1,297,878</u>	<u>\$ 1,345,214</u>	<u>\$ 47,336</u>
Expenditures				
Current				
Public works	\$ 1,097,826	\$ 1,266,679	\$ 1,365,469	\$(98,790)
Debt service				
Capital outlay	<u>23,373</u>	<u>29,000</u>	<u>29,008</u>	<u>(8)</u>
	<u>\$ 1,121,199</u>	<u>\$ 1,295,679</u>	<u>\$ 1,394,477</u>	<u>\$(98,798)</u>
Excess (deficiency) of revenues over expenditures	<u>\$(10,000)</u>	<u>\$ 2,199</u>	<u>\$(49,263)</u>	<u>\$(51,462)</u>
Other financing sources				
Sale of fixed assets	\$ 10,000	\$ -	\$ -	\$ -
Operating transfers in	<u>-</u>	<u>-</u>	<u>39,800</u>	<u>39,800</u>
Total other financing sources	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 39,800</u>	<u>\$ 39,800</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, 2012

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Net changes in fund balances	\$ -	\$ 2,199	\$(9,463)	\$(11,662)
Fund balances - beginning (non-GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>659,316</u>	<u>659,316</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ 2,199</u>	\$ 649,853	<u>\$ 647,654</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			85,064	
Deferred revenue accruals			(25,215)	
Expenditure accruals			<u>(11,104)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 698,598</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, 2012

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 339,607	\$ 330,000	\$ 337,560	\$ 7,560
Intergovernmental	25,000	19,453	29,795	10,342
Interest and miscellaneous	<u>1,500</u>	<u>2,017</u>	<u>2,758</u>	<u>741</u>
	<u>\$ 366,107</u>	<u>\$ 351,470</u>	<u>\$ 370,113</u>	<u>\$ 18,643</u>
Expenditures				
Current				
Public works	\$ 326,106	\$ 167,659	\$ 187,230	\$ (19,571)
Capital outlay	<u>40,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 366,107</u>	<u>\$ 167,659</u>	<u>\$ 187,230</u>	<u>\$ (19,571)</u>
Net changes in fund balances	\$ -	\$ 183,811	\$ 182,883	\$ (928)
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>974,501</u>	<u>974,501</u>
Fund balances - ending (non- GAAP budgetary basis)	<u>\$ -</u>	<u>\$ 183,811</u>	<u>\$ 1,157,384</u>	<u>\$ 973,573</u>
Adjustments to generally accepted accounting principles				
Revenue accruals			11,558	
Deferred revenue accruals			(12,043)	
Expenditure accruals			<u>(1,565)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 1,155,334</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 - BUILDING MAINTENANCE FUND
For the Year Ended December 31, 2012

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 216,258	\$ 215,487	\$ 214,968	\$(519)
Intergovernmental	22,803	46,400	79,324	32,924
Fees, charges, and commissions for services	25,000	21,683	28,785	7,102
Interest and miscellaneous	500	19,679	19,631	(48)
	<u>\$ 264,561</u>	<u>\$ 303,249</u>	<u>\$ 342,708</u>	<u>\$ 39,459</u>
Expenditures				
Current				
Building maintenance	\$ 264,561	\$ 448,117	\$ 468,537	\$(20,420)
Capital outlay	-	25,254	26,294	(1,040)
	<u>\$ 264,561</u>	<u>\$ 473,371</u>	<u>\$ 494,831</u>	<u>\$(21,460)</u>
Net changes in fund balances	\$ -	\$(170,122)	\$(152,123)	\$ 17,999
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>153,122</u>	<u>153,122</u>
Fund balances (deficit) - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$(170,122)</u>	\$ 999	<u>\$ 171,121</u>
Adjustments to generally accepted accounting principles				
Revenue accruals			(21,669)	
Deferred revenue accruals			(7,260)	
Expenditure accruals			<u>(34,147)</u>	
Fund balance (deficit) - ending (GAAP basis)			<u>\$(62,077)</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, 2012**

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 1,250,000	\$ 1,507,383	\$ 1,520,279	\$ 12,896
Fees, charges, and commissions for services	5,000	5,405	60,114	54,709
Interest and miscellaneous	-	1,381	1,439	58
	<u>\$ 1,255,000</u>	<u>\$ 1,514,169</u>	<u>\$ 1,581,832</u>	<u>\$ 67,663</u>
Expenditures				
Current				
Public works	\$ 1,198,105	\$ 1,037,567	\$ 929,996	\$ 107,571
Debt service				
Principal	-	-	115,295	(115,295)
Interest	-	-	22,412	(22,412)
Capital outlay	56,895	160,000	159,608	392
	<u>\$ 1,255,000</u>	<u>\$ 1,197,567</u>	<u>\$ 1,227,311</u>	<u>\$ (29,744)</u>
Net changes in fund balances	\$ -	\$ 316,602	\$ 354,521	\$ 37,919
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>749,739</u>	<u>749,739</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ 316,602</u>	<u>\$ 1,104,260</u>	<u>\$ 787,658</u>
Adjustments to generally accepted accounting principles				
Revenue accruals			5,219	
Expenditure accruals			<u>(31,474)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 1,078,005</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, 2012

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 152,290	\$ 142,699	\$ 151,148	\$ 8,449
Intergovernmental	-	5,006	7,366	2,360
Interest and miscellaneous	250	731	757	26
	<u>\$ 152,540</u>	<u>\$ 148,436</u>	<u>\$ 159,271</u>	<u>\$ 10,835</u>
Expenditures				
Current				
Health and welfare	\$ 134,040	\$ 120,392	\$ 130,547	\$(10,155)
Capital outlay	18,500	5,000	-	5,000
	<u>\$ 152,540</u>	<u>\$ 125,392</u>	<u>\$ 130,547</u>	<u>\$(5,155)</u>
Net changes in fund balances	\$ -	\$ 23,044	\$ 28,724	\$ 5,680
Fund balances - beginning (non-GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>548,429</u>	<u>548,429</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ -</u>	<u>\$ 23,044</u>	<u>\$ 577,153</u>	<u>\$ 554,109</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			(14,309)	
Deferred revenue accruals			14,313	
Expenditure accruals			<u>(865)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 576,292</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 - CRIMINAL COURT FUND
For the Year Ended December 31, 2012

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues				
Fines and forfeitures	\$ 273,492	\$ 180,898	\$ 191,185	\$ 10,287
Interest and miscellaneous	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 323,492</u>	<u>\$ 180,898</u>	<u>\$ 191,185</u>	<u>\$ 10,287</u>
 Expenditures				
Current				
Judicial	<u>323,492</u>	<u>323,249</u>	<u>347,081</u>	<u>(23,832)</u>
 Net changes in fund balances	 \$ -	 \$(142,351)	 \$(155,896)	 \$(13,545)
 Fund balances (deficit) - beginning (non- GAAP and GAAP budgetary basis)	 <u>-</u>	 <u>-</u>	 <u>(167,139)</u>	 <u>(167,139)</u>
 Fund balances (deficit) - ending (non-GAAP budgetary basis)	 <u>\$ -</u>	 <u>\$(142,351)</u>	 <u>\$(323,035)</u>	 <u>\$(180,684)</u>
 Adjustments to generally accepted accounting principles				
Revenue accruals			<u>3,463</u>	
 Fund balance (deficit) - ending (GAAP basis)			 <u>\$(319,572)</u>	

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

**NOTE TO BUDGETARY COMPARISON SCHEDULES
As of and for the Year Ended December 31, 2012**

Note 1 Revenues and Expenditures - Budget and Actual

Actual expenditures and other financing uses of \$1,806,196 of the General Fund exceeded budgeted expenditures and other financing uses of \$1,706,069 for the year ended December 31, 2012 by \$100,127 or 5.9%

For the year ended December 31, 2012, actual expenditures and other financing uses of the Road Maintenance Fund of \$1,394,477 exceeded budgeted expenditures and other financing uses of \$1,295,679 by \$98,798 or 7.6%

Actual expenditures and other financing uses of the Drainage Maintenance Fund of \$187,230 exceeded budgeted expenditures and other financing uses of \$167,659 by \$19,571 or 11.7% for the year ended December 31, 2012

For the year ended December 31, 2012, actual expenditures and other financing uses of the Criminal Court Fund of \$347,081 exceeded budgeted expenditures and other financing uses of \$323,249 by \$23,832 or 7.4%

At the Jury's December 28, 2012 meeting, adjustments to the 2012 budget were proposed by the treasurer and approved by the Jury. Actual copies of the amendments were not made available to the secretary for retention in and made a part of the official minutes. The Jury was requested to and did make budget amendments without any written detail provided by the treasurer. Final amended budget amounts included in budget comparison reports prepared by the treasurer are reflected in the financial statements.

The total expenditures and other financing uses in the final adopted budgets for the General Fund, Building Maintenance Fund, and Criminal Court Fund for the year ended December 31, 2012 exceeded the total revenues, other financing sources, and beginning fund balances by \$105,361, \$170,122, and \$142,351, respectively.

OTHER SUPPLEMENTARY INFORMATION

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Agriculture <u>Center</u>	Witness <u>Fees</u>	Juror <u>Fees</u>	Total Non-Major Governmental <u>Funds</u>
ASSETS				
Cash	\$ 128,133	\$ 46,095	\$ 73,232	\$ 247,460
Receivables	<u>79,907</u>	<u>3,648</u>	<u>3,674</u>	<u>87,229</u>
Total assets	<u>\$ 208,040</u>	<u>\$ 64,743</u>	<u>\$ 76,906</u>	<u>\$ 349,689</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,938	\$ 10,511	\$ -	\$ 12,449
Deferred revenue	<u>78,653</u>	<u>-</u>	<u>-</u>	<u>78,653</u>
Total liabilities	\$ 80,951	\$ 10,511	\$ -	\$ 91,102
Fund balances:				
Restricted for special revenue	<u>127,449</u>	<u>54,232</u>	<u>76,906</u>	<u>258,587</u>
Total liabilities and fund balances	<u>\$ 208,040</u>	<u>\$ 64,743</u>	<u>\$ 76,906</u>	<u>\$ 349,689</u>

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, 2012

	Agriculture <u>Center</u>	Witness <u>Fees</u>	Juror <u>Fees</u>	Total Non-Major Governmental <u>Funds</u>
Revenues				
Taxes	\$ 75,607	\$ -	\$ -	\$ 75,607
Intergovernmental	209	-	-	209
Fees, charges, and commissions for services	-	36,842	41,244	78,086
Interest and miscellaneous	20	30	-	50
	<u>\$ 75,836</u>	<u>\$ 36,872</u>	<u>\$ 41,244</u>	<u>\$ 153,952</u>
Expenditures				
Current				
General government				
Judicial	\$ -	\$ 28,781	\$ 22,169	\$ 50,950
Health and welfare	<u>57,085</u>	<u>-</u>	<u>-</u>	<u>57,085</u>
	<u>\$ 57,085</u>	<u>\$ 28,781</u>	<u>\$ 22,169</u>	<u>\$ 108,035</u>
Net change in fund balances	\$ 18,751	\$ 8,091	\$ 19,075	\$ 45,917
Fund balances - beginning	<u>108,698</u>	<u>46,141</u>	<u>57,831</u>	<u>212,670</u>
Fund balances - ending	<u>\$ 127,449</u>	<u>\$ 54,232</u>	<u>\$ 76,906</u>	<u>\$ 258,587</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF JURORS' COMPENSATION
For the Year Ended December 31, 2012

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	\$ 10,200
Jason Crockett	9,600
Jack Cockrell	9,600
Issac C Gray	9,600
Mark Sistrunk	9,600
Joseph F Tomboli	10,185
Harry Reese, Sr	<u>9,600</u>
Total jurors' compensation	<u>\$ 68,385</u>

**MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of and for the Year Ended December 31, 2012**

<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/ Hazard Mitigation Plan Update	97 039	1603n-067-0003	\$ 21,575
Department of Housing and Urban Development/ Louisiana Division of Administration/ Section 8 Housing Choice Vouchers	14 871	LA258	493,537
Department of Interior/ Fish and Wildlife Service/ Refuge Revenue Sharing	15 FWS	FWS/R4/ARW/RE	<u>36,871</u>
Total expenditures of federal awards			<u>\$ 551,983</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, 2012**

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, in accordance with the 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Jury's primary government and have issued our report thereon dated August 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jury's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Jury's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Jury's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 that we consider to be material weaknesses.

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* and which are described in the accompanying schedule of findings and questioned costs as items 2012-3 and 2012-4.

Jury's Responses to Findings

The Jury's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Jury's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jury's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jury's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

August 21, 2013

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Police Jurors
Morehouse Parish Police Jury
Bastrop, Louisiana

Report on Compliance for Major Federal Program

We have audited the compliance of Morehouse Parish Police Jury (the "Jury"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Jury's major federal program for the year ended December 31, 2012. The Jury's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Jury's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Jury's compliance.

Opinion on Major Federal Program

In our opinion, the Jury complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012

Report on Internal Control Over Compliance

Management of the Jury is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Jury's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

Jury's Responses to Findings

The Jury's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Jury's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

August 21, 2013

**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, 2012

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, 2012, which collectively comprise the basic financial statements of the Jury's primary government and have issued our report thereon dated August 21, 2013. 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, 2012 resulted in an unqualified opinion on the primary government's governmental activities, each major fund, and the aggregate remaining fund information. An adverse opinion was rendered on the aggregate discretely presented component units.

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

Significant Deficiencies Yes No Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

- b **Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 <input checked="" type="checkbox"/>	Qualified <input type="checkbox"/>
	Disclaimer <input type="checkbox"/>	Adverse <input type="checkbox"/>

Internal Control

Significant Deficiencies Yes No Material Weaknesses Yes No

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

c Identification of Major Program

CFDA Number 14 871
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

2012-1 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 with the finding, but it is not economically feasible for corrective action to be taken

2012-2 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

On September 26, 2011, the Legislative Audit Advisory Council requested that the Jury provide a written plan to correct deficiencies indicated by late submission of annual audit reports for four of the past five years. The plan was to include the hiring of an outside CPA firm to provide consultation services. A CPA firm was engaged and provided services allowing the audit fieldwork to begin for the year ended December 31, 2010. The 2010 annual audit was also filed untimely.

The Jury again engaged a CPA firm to assist in gathering information for the next two annual audits and their services included:

- 1 Monthly bank reconciliations for two of the Jury's checking accounts were prepared along with amounts received and expended by each individual fund, with monies maintained in the "master" bank account, being determined
2. Year-to-date general ledgers, trial balances, budget comparisons, cash receipts journals, cash disbursement journals, schedules, etc. were prepared
- 3 Unposted revenues and expenditures noted in the bank reconciliation process were recorded
- 4 All activity of the Jury's individual savings accounts were recorded
- 5 All but one of 18 credit card payments totaling \$17,392 made during the year ended December 31, 2011 were recorded
- 6 Audit adjustments for the two years ended December 31, 2011 and 2010 were posted and the years "closed"

Without this accurate 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.

Three of the ten individual funds' cash that is maintained in the 'master' bank account reported overdrawn balances totaling \$2,108,978 as of December 31, 2012 and \$1,626,749 as of December 31, 2011.

As of December 31, 2012 and 2011, approximately \$46,000 and \$198,000, respectively, had been properly charged to the various individual funds' payroll related expense accounts but the actual cash had not been transferred to the Payroll Fund for payment of same

Fixed assets records for 2012 and 2011 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.

Apparently for several years, possibly back as far as 2005, the Jury has been paying coroner fees, autopsy fees, etc. for deceased residents of the City of Bastrop, Louisiana and other municipalities within the parish that should have been billed either directly by the provider of the services or by the Jury to the municipalities. The amount of the charges reimbursable by the municipalities to the Jury has not been determined as of the date of this report.

A computer consultant to the Jury determined the accounts payable subsidiary balances for the individual funds as of December 31, 2011 based on the data input by the Jury's treasurer but none of these amounts agreed with the trial balances provided for the audit or the actual payables determined by procedures performed during the audit. Reports of subsidiary accounts payable for each individual fund as of December 31, 2012 were provided that did agree with the funds' trial balances. But, they too, were not accurate as to the actual accounts payable at year end. Also noted was that the Jury's vendor list is comprised of approximately 150 pages.

None of the employer's quarterly federal tax returns for wages paid in 2012 and 2011 were timely filed or paid in full. The untimely filing of these returns and payment of the taxes has resulted in the assessment by the Internal Revenue Service of approximately \$62,000 of penalties and interest.

Four out of 59 individual expenditures (6.78%) selected for testing of specific attributes did not have adequate supporting documentation. In another testing of 76 individual expenditures considered to be large and/or unusual totaling \$1,835,904, adequate supporting documentation again was not made available for five invoices totaling \$157,745 (8.59% of total dollar examined).

Numerous instances of paying bills well after 30 days from the invoice date, late payments, penalties on retirement contributions, and from cut-off notices were also noted while performing various audit procedures

Originals of four individual checks of an undetermined amount could not be located by the treasurer to verify that they had not been issued and were properly voided

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 requesting and reviewing detailed transactions, reports, 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 job description of the Jury's treasurer should be reviewed by the jurors to determine if the treasurer will perform all of the accounting and financial reporting process or if substantial parts of that process will continue to be contracted to outside computer consultants and CPA firms

The Jury's treasurer should ensure that transactions and records are generated and retained according to management

Prompt action must be taken by the Jury to ensure that resources are generated to replenish the individual funds with overdrawn balances and that restricted funds are expended only for appropriate purposes Efforts should be made promptly to bill and collect any amounts due the Jury

The accounts payable subsidiaries for each individual fund should be reconciled at some point in time to the actual balance of payables Vendors not used within a reasonable time should be removed from the vendor listing

All delinquent payroll related forms should be filed and contacts made immediately with the Internal Revenue Service and Louisiana Department of Revenue to settle the outstanding balances to avoid additional liens or levies

Management's response and planned corrective action

We concur with the findings. Services of a computer consultant and outside CPA firm will continue to be utilized as needed or requested by the Jury's secretary/treasurer. The Jury's legal counsel has been asked to research the questioned matters. Accurate budget comparison reports will be compiled monthly to curtail deficit spending. The Jury has settled the outstanding payroll tax related balances.

2012-3 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.

Condition

Actual expenditures and other financing uses of \$1,806,196 of the General Fund exceeded budgeted expenditures and other financing uses of \$1,706,069 for the year ended December 31, 2012 by \$100,127 or 5.9%.

For the year ended December 31, 2012, actual expenditures and other financing uses of the Road Maintenance Fund of \$1,394,477 exceeded budgeted expenditures and other financing uses of \$1,295,679 by \$98,798 or 7.6%.

Actual expenditures and other financing uses of the Drainage Maintenance Fund of \$187,230 exceeded budgeted expenditures and other financing uses of \$167,659 by \$19,571 or 11.7% for the year ended December 31, 2012.

For the year ended December 31, 2012, actual expenditures and other financing uses of the Criminal Court Fund of \$347,081 exceeded budgeted expenditures and other financing uses of \$323,249 by 23,832 or 7.4%

At the Jury's December 28, 2012 meeting, adjustments to the 2012 budget were proposed by the treasurer and approved by the Jury. Actual copies of the amendments were not made available to the secretary for retention in and made a part of the official minutes. The Jury was requested to and did make budget amendments without any written detail provided by the treasurer. Final amended budget amounts included in comparison reports prepared by the treasurer are reflected in the financial statements.

The total expenditures and other financing uses in the final adopted budgets for the General Fund, Building Maintenance Fund, and Criminal Court Fund for the year ended December 31, 2012 exceeded the total revenues, other financing sources, and beginning fund balances by \$105,361, \$170,122, and \$142,351, respectively.

During the 2010 Louisiana Legislative regular session, requirements were added to the state budget law effective January 1, 2011. A budget is to include a clearly presented side-by-side detailed comparison of information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year, estimated and actual revenues itemized by source, year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character, other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year, and the percentage change for each item of information.

Cause	No specific reasons or explanations were determined or provided by the Jury to explain the unfavorable variances. Budget amendments approved by the Jury were not retained and made available to the auditor. Deficit budgets were approved by the jurors.
Effect	The Jury is in violation of the Local Government Budget Act and related statutes.

Recommendation The Local Government Budget Act and related statutes should be reviewed to ensure compliance with all requirements. Detailed amendments should be proposed in writing to the Jury and retained and made a part of the Jury's official minutes.

Management's response and planned corrective action:

We concur with the findings. Accurate budget comparison reports will be compiled monthly and budget amendments made as needed to avoid unfavorable variances. Detail of such amendments will be presented to the Jury for approval and retained in the official minutes.

2012-4 **Untimely Completion and Submission of Annual Audit (last cited for fiscal year ended December 31, 2010)**

Criteria Pursuant to Louisiana Revised Statutes 24:513 and 24:514, all annual audits must be completed and submitted to the Legislative Auditor within six months of the close of the auditee's fiscal year.

Condition: The Jury's annual audit for the fiscal year ended December 31, 2012 was not submitted to the Legislative Auditor within six months of the end of the fiscal year.

Cause The Jury's financial records were not timely made available to the auditor.

Effect The Jury is in violation of the statutes. A 90 day extension was requested but denied.

Recommendation Records of the Jury should be maintained and made available in a timely manner allowing completion and submission of the annual audits.

Management's response and planned corrective action:

We concur with the finding. Future audits will be timely completed and submitted. The Jury hired an assistant secretary/treasurer that has worked closely with the secretary/treasurer to begin gathering data for the next audit.

Section III - Federal Awards Finding

**2012-1 Inadequate Segregation of Duties
(See 2012-1 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, 2012**

Section I - Financial Statement Findings

2011-1 Inadequate Segregation of Duties

The segregation of duties is inadequate to provide effective internal control

Unresolved - 2012-1

2011-2 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

Resolved

2011-3 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 - 2012-2

2011-4 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

Unresolved - 2012-3

2011-5 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

Resolved

Section II - Management Letter

None issued