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East Carroll Parish Police Jury
Lake Providence, Louisiana

Basic Financial Statements
And Independent Auditors' Report
As of and for the Year Ended December 31, 2005

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ALLEN, GREEN & WILLIAMSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 6075
Monroe, LA 71211-6075
2414 Ferrand Street
Monroe, LA 71201
Phone: (318) 388-4422
Fax: (318) 388-4664
Toll-free: (888) 741-0205
www.allengreencpa.com

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Tim Green, CPA

Margie Williamson, CPA

Diane Ferschoff, CPA

Ernest L. Allen, CPA
(Retired)

Independent Auditors' Report

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund, and the aggregate remaining fund information of the East Carroll Parish Police Jury as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements of the Police Jury's primary government as listed in the table of contents. These basic financial statements are the responsibility of the Police Jury's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Police Jury's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data of all of the Police Jury's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for all component units to be reported with the financial data of the Police Jury's primary government unless the Police Jury also issues financial statements for the financial reporting entity that include the financial data for its component units. The Police Jury has not issued such reporting entity financial statements.

In our opinion, because of the omission of some of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Police Jury as of December 31, 2005, or the changes in financial position thereof for the year then ended.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund, and the aggregate remaining fund information of the Police Jury as of December 31, 2005 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued under separate cover, our report dated June 30, 2006, on our consideration of the Police Jury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules on pages 4-13 and pages 49-60, respectively, are not a required part of the primary government financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the primary government of the Police Jury. Such information has not been subjected to the audit procedures applied in the audit of the primary government financial statements and, accordingly, we express no opinion on it.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 30, 2006

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion And Analysis (MD&A)

Management's Discussion and Analysis (MD&A)
December 31, 2005

Our discussion and analysis of East Carroll Parish Police Jury's financial performance provides an overview of the Police Jury's financial activities for the year ended December 31, 2005.

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

Total spending for all our programs was $3,803,107 for the year. Most of the Police Jury's property and sales taxes were used to support the net cost (after deducting restricted grants and fees charged to users) of these three areas: other general government $374,960, public safety $264,327, public works $766,850, and culture and recreation $331,043.

Governmental activities reported an increase in net assets of $123,731 due to additional revenue earned from occupational license fees and an increase in ad valorem collections.

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

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

Government-wide Financial Statements ↔ Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Supplemental Information

Nonmajor Funds Combining Statements
Schedule of Compensation Paid Police Jurors

(Under Separate Cover)

Single Audit Information and Other Information

Other Reports Required By Government Auditing Standards and By Office of Management and Budget (OMB) Circular A-133

Other Information

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

Reporting the Police Jury as a Whole

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

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

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

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

Reporting the Police Jury's Most Significant Funds

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

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

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

THE POLICE JURY AS A WHOLE The Police Jury's net assets were $6,402,894 at December 31, 2005. Of this amount, $471,653 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the Police Jury's ability to use those net assets for day-to-day operations. Our analysis below of the primary government focuses on the net assets (Table 1) and change in net assets (Table 2) of the Police Jury's governmental activities.

Table 1
Net Assets
December 31, 2005

	Governmental Activities	
	2005	2004
Current and other assets	$3,288,009	$2,935,973
Capital assets	3,964,700	4,299,656
Total assets	7,252,709	7,235,629
Current and other liabilities	149,634	174,293
Long-term liabilities	700,181	782,173
Total liabilities	849,815	956,466
Net assets		
Invested in capital assets, net of debt	3,182,527	3,402,589
Restricted	2,748,714	2,632,461
Unrestricted	471,653	244,113
Total net assets	$6,402,894	$6,279,163

The $471,653 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. It means that if we had to pay off all of our bills today including all of our noncapital liabilities (compensated absences for example), we would have $471,653 left. Unrestricted net assets increased approximately $227,500 from the prior year. The changes in net assets are discussed later in this MD&A.

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

Table 2
Changes in Net Assets
Year Ended December 31, 2005

Revenues:	**2005**	**2004**	**Increase (Decrease) From 2004**
Program revenues			
Charges for services	$ 880,036	$ 732,564	$ 147,472
Federal grants	557,162	727,860	(170,698)
State grants & entitlements	239,301	175,367	63,934
General Revenues			
Ad valorem taxes	1,272,193	1,199,996	72,197
Sales taxes	446,129	445,365	764
State revenue sharing	60,799	63,937	(3,138)
Other general revenues	471,218	303,881	167,337
Total revenues	3,926,838	3,648,970	277,868
Functions/Program Expenses:			
General government:			
Legislative	131,847	137,249	(5,402)
Judicial	407,823	362,552	45,271
Elections	29,377	42,418	(13,041)
Finance and administrative	108,967	160,741	(51,774)
Other general government	374,960	224,138	150,822
Public safety	381,920	470,680	(88,760)
Public works	1,184,744	1,536,912	(352,168)
Health and welfare	769,758	691,072	78,686
Culture and recreation	334,924	186,937	147,987
Economic development and assistance	13,761	11,429	2,332
Transportation	27,253	21,737	5,516
Debt service	0	1,400	(1,400)
Interest on long-term debt	37,773	40,433	(2,660)
Total	3,803,107	3,887,698	(84,591)
Increase (decrease) in net assets	$ 123,731	$(238,728)	$ 362,459

The increase in net assets of $362,459 is due mainly to an increase in ad valorem taxes of $72,197, a new occupational license fee which generated $49,986, an increase in severance taxes of $53,627 and an increase in charges for services mainly related to fines. There were also decreases in expenses for public works and public safety but these were partially offset by increases in judicial, culture and recreation and other general government functions.

Revenue for federal grants decreased by approximately $170,698 and state grants increased $63,934. In addition, the Police Jury is no longer the oversight agency for the Head Start Program, but the Police Jury decreased federal grant revenues because of two grants to resurface the airport runway and re-pave some of the parish roads that was received last year.

Governmental Activities As reported in the Statement of Activities, the cost of all of our governmental activities this year was $3,803,107. However, the amount that our taxpayers ultimately financed for these activities through Police

Jury taxes was only $2,126,608 because some of the cost was paid by those who benefited from the programs $880,036 or by other governments and organizations who subsidized certain programs with grants and contributions $796,463. We paid for the remaining "public benefit" portion of our governmental activities with $2,126,608 in taxes and with our other revenues, like interest and general entitlements.

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

	Year Ended December 31, Governmental Activities (in thousands)			
	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Judicial	$ 407,823	$ 22,529	$ 362,552	$ 118,169
Public safety	381,920	264,327	470,680	308,986
Other general government	374,960	374,960	224,138	224,138
Public works	1,184,744	786,003	1,536,912	1,101,596
Health & Welfare	769,758	212,596	691,072	125,872
Culture and Recreation	334,924	331,043	186,937	171,656
All others	348,978	135,150	415,407	175,389
Totals	$3,803,107	$2,126,608	$3,887,698	$2,225,806

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

As the Police Jury completed this year, our governmental funds reported a combined fund balance of $3,259,486 which is an increase of $335,638 from last year. The primary reasons for these increases are:

Our general fund is our principal operating fund. The fund balance in the general fund increased $106,907 to $444,149. This increase is due to a new occupational license fee which became effective in 2005 and a decrease in prisoner expenses.

The Road Maintenance and Construction fund accounts for funds used to maintain the parish roads and streets. This fund showed an increase of $63,873 to $551,205. The increase was due to the decrease in wage expense which was reimbursed by the Drainage Fund.

The Garbage District No. 1 accounts for the parish garbage collection services begun in 2001. This fund showed an increase of $985 to $489,827.

The Library fund accounts for the public library. This fund showed an increase of $11,704 to $429,742. The increase was due to a small increase in ad valorem taxes received coupled with a small decrease in overall expenses.

The Health Unit fund accounts for the parish health center. This fund showed an increase of $25,425 to $604,311. The increase is due to increases in ad valorem taxes received and increases in interest earned on investments..

The Drainage Maintenance fund accounts for the maintenance of the parish drainage system. This fund showed an increase of $11,471 to $358,949. The increase is due to an increase in ad valorem revenue received.

The Section 8 Voucher fund accounts for the activity for HUD's Section 8 Housing Choice Voucher program. This fund showed a decrease of $17,578 to $25,990. The decrease is due to HUD payments being reduced and small increases in expenses.

The Criminal Court fund accounts for the activities of the parish court. This fund showed an increase of $132,243 to $17,800. This increase was due to an increase in fines collected when the LACE program was established.

The Other Governmental funds are comprised of the debt service fund and special revenue funds (Airport Hangar, Rural Fire Protection, and the Lakeside Walking Trail). The combined funds showed an increase of $608 to $337,513.

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

There were significant revisions made to the 2005 general fund original budget. The primary change was to increase the beginning budgetary fund balance of $167,319. Budgeted revenues were increased approximately $55,044 due to receipt of severance taxes and approximately $107,151 due to the receipt of a state grant which was not awarded until after the original budget adoption. Budgeted expenditures increased approximately $158,146 mainly due to the increase in grant revenue which is based on cost reimbursement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets At December 31, 2005, the Police Jury had $3,964,700 invested in a broad range of capital assets, including land, buildings, furniture and equipment and infrastructure assets such as roads and bridges. This amount represents a net decrease (including additions, deductions and depreciation) of just over $334,956, or 8%, from last year. The primary reason for the net decrease is a result of depreciation exceeding capital purchases.

Capital Assets at Year-end

	Governmental Activities	
	2005	2004
Land	$ 375,665	$ 274,665
Buildings	377,572	400,392
Equipment and furniture	211,907	273,175
Vehicles	785,192	974,475
Books, periodicals and law books	41,006	48,469
Infrastructure	2,173,358	2,328,480
Total net assets	$3,964,700	$4,299,656

This year's additions of $7,193 were comprised of public safety equipment.

No major capital projects are planned for the 2006 fiscal year. We anticipate capital additions will decrease in comparison to the 2004 fiscal year because there are no major construction projects planned. We present more detailed information about our capital assets in Note 7 to the financial statements.

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

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

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

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

The surface cost of the roads was determined by multiplying the estimated current cost to construct a linear mile of two lanes of gravel or asphalt road and deflating the current cost to the estimated cost at the time of construction of the roads. Most roads were considered to have been constructed in the 1950s and 1960s with most asphalt surfacing occurring in the 1960s and 1970s, and with resurfacing occurring periodically since. The surface of the roads currently was considered by management to be approximately 20 years old. Accordingly, 1979 was considered as the date of purchase for all surface materials for depreciation purpose.

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

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

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

Debt At the end of this year, the Police Jury had $730,000 in bonds outstanding versus $750,000 last year, a decrease of 3%. Those bonds consisted of:

Outstanding Debt, at Year-end

	Governmental Activities	
	2005	**2004**
General obligation bonds (backed by the Police Jury)	$730,000	$750,000

The Police Jury's general obligation bonds are not rated. The state limits the amount of general obligation debt that parishes can issue to 10 percent of the assessed value of all taxable property within the parish. The Police Jury's net outstanding general obligation debt of $730,000 is significantly below this $3,469,750 statutorily-imposed limit.

Other obligations include accrued vacation pay and capital leases. We present more detailed information about our long-term liabilities in Note 10 of Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES Our elected and appointed officials and citizens consider many factors when setting the Police Jury's 2006-year budget and tax rates. One of the most important factors affecting the budget is our ad valorem and sales tax collections. We have budgeted very little change in ad valorem and sales tax collections from 2005 to 2006. Approximately 44% of total revenues is from ad valorem and sales taxes. We have projected no increase in net assets for the 2006 budget year. We project that capital additions will be minimal for the 2006 year.

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

BASIC FINANCIAL STATEMENTS

Government-wide
Financial Statements (GWFS)

East Carroll Parish Police Jury

EAST CARROLL PARISH POLICE JURY

STATEMENT OF NET ASSETS
December 31, 2005

Statement A

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMMUNITY ACTION AGENCY COMPONENT UNIT
ASSETS		
Cash and cash equivalents	$ 1,138,584	$ 34,661
Investments	1,063,384	0
Receivables (net)	1,086,041	0
Inventories	0	0
Prepaid items	0	0
Capital assets, net	3,964,700	721
TOTAL ASSETS	7,252,709	35,382
LIABILITIES		
Accounts, salaries and other payables	43,166	12,094
Deferred revenue	0	0
Interest payable	18,981	0
Long-term liabilities		
Due within one year	87,487	1,334
Due in more than one year	700,181	0
TOTAL LIABILITIES	849,815	13,428
NET ASSETS		
Invested in capital assets, net of related debt	3,182,527	721
Restricted for:		
Debt service	76,144	0
Road Maintenance and Construction	551,205	0
Garbage District No. 1	489,827	0
Library	429,742	0
Health Unit	604,311	0
Drainage Maintenance	358,949	0
Rural Fire	238,536	0
Unrestricted	471,653	21,233
TOTAL NET ASSETS	$ 6,402,894	$ 21,954

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

EAST CARROLL PARISH POLICE JURY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

			PROGRAM REVENUES		PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS					
Primary Government: Governmental Activities:					
General government:					
Legislative	$ 131,847	$ 0	$ 0	$ 0	$ (131,847)
Judicial	407,823	385,294	0		(22,529)
Elections	29,377				(29,377)
Finance and administrative	108,967	183,804	0		74,837
Other general government	374,960		0	0	(374,960)
Public safety	381,920	13,565	104,028		(264,327)
Public works	1,184,744	263,468	135,273	0	(786,003)
Health and welfare	769,758	0	557,162		(212,596)
Culture and recreation	334,924	3,881	0		(331,043)
Economic development and assistance	13,761	24,674	0		10,913
Transportation	27,253	5,350	0	0	(21,903)
Interest on long-term debt	37,773	0	0	0	(37,773)
Total Governmental Activities	3,803,107	880,036	796,463	0	(2,126,606)
Component units:					
Finance and administrative	18,037		120,748		
Health and welfare	294,131	0	17,946	0	
Total Component Units	312,168	0	138,694	0	
General revenues:					
Taxes:					
Property taxes, levied for general purposes					$ 1,210,565
Property taxes, levied for debt services					61,628
Sales taxes, levied for general purposes					446,129
State revenue sharing					60,799
Severance tax					75,315
Beer tax					14,607
Grants and contributions not restricted to specific programs					
Barracks transfer					0
Licenses and permits					71,966
Interest and investment earnings					154,951
Miscellaneous					154,359
Total general revenues					2,250,339
Changes in net assets					123,731
Net assets - beginning					6,279,163
Net assets - ending					$ 6,402,894

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

Statement B

COMMUNITY ACTION AGENCY COMPONENT UNIT
NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
$ 0
0
0
0
0
0
0
0
0
0
0
0
0
102,711
(276,185)
(173,474)
$ 0
0
0
0
0
0
0
0
0
180,471
180,471
6,997
14,957
$ 21,954

East Carroll Parish Police Jury

BASIC FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

EAST CARROLL PARISH POLICE JURY

GOVERNMENTAL FUNDS
Balance Sheet
December 31, 2005

	GENERAL	ROAD MAINTENANCE AND CONSTRUCTION	GARBAGE DISTRICT NO. 1	LIBRARY
ASSETS				
Cash and cash equivalents	$ 219,031	$ 198,848	$ 57,402	$ 128,786
Investments	0	167,867	238,968	141,741
Receivables	184,503	207,639	194,959	159,215
Interfund receivables	63,347	0	0	0
Capital assets	0	0	0	0
TOTAL ASSETS	466,881	574,354	491,329	429,742
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	22,732	15,093	1,502	0
Interfund payables	0	8,056	0	0
Deferred revenue	0	0	0	0
Total Liabilities	22,732	23,149	1,502	0
Fund Balances/Deficit:				
Reserved for:				
Debt Service	0	0	0	0
Unreserved, reported in:				
General	444,149	0	0	0
Special Revenue	0	551,205	489,827	429,742
Capital Projects	0	0	0	0
Total Fund Balances/Deficit	444,149	551,205	489,827	429,742
TOTAL LIABILITIES AND FUND BALANCES	$ 466,881	$ 574,354	$ 491,329	$ 429,742

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

Statement C

HEALTH UNIT	DRAINAGE MAINTENANCE	SECTION 8 VOUCHER	CRIMINAL COURT	OTHER GOVERNMENTAL	TOTAL
$ 121,999	$ 161,265	$ 11,762	$ 60,621	$ 178,870	$ 1,138,584
398,825	54,041	0	0	61,942	1,063,384
83,753	143,485	0	15,786	96,701	1,086,041
0	3,316	0	0	0	66,663
0	0	14,643	0	0	14,643
604,577	362,107	26,405	76,407	337,513	3,369,315
266	3,158	415	0	0	43,166
0	0	0	58,607	0	66,663
0	0	0	0	0	0
266	3,158	415	58,607	0	109,829
0	0	0	0	76,144	76,144
0	0	0	0	0	444,149
604,311	358,949	25,990	17,800	261,369	2,739,193
0	0	0	0	0	0
604,311	358,949	25,990	17,800	337,513	3,259,486
$ 604,577	$ 362,107	$ 26,405	$ 76,407	$ 337,513	$ 3,369,315

East Carroll Parish Police Jury

EAST CARROLL PARISH POLICE JURY

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2005

Statement D

Total fund balances - governmental funds		$	3,259,486

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

Costs of capital assets	17,689,348	
Depreciation expense to date	(13,739,291)	
		3,950,057

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

Balances at December 31, 2005 are:		
Long-term liabilities		
Leases payable	(52,173)	
Compensated absences payable	(5,495)	
Bonds payable	(730,000)	
Interest payable	(18,981)	
		(806,649)

Net Assets	$	6,402,894

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

EAST CARROLL PARISH POLICE JURY

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances/Deficit
For the Year Ended December 31, 2005

	GENERAL	ROAD MAINTENANCE AND CONSTRUCTION	GARBAGE DISTRICT NO. 1	LIBRARY
REVENUES				
Local sources:				
Taxes:				
Ad valorem	$ 219,164	$ 191,250	$ 227,679	$ 213,708
Sales and use	45,016	401,113	0	0
Licenses and permits	71,986	0	0	0
Intergovernmental revenues:				
Federal funds - federal grants	0	0	0	0
State funds:				
Parish transportation funds	0	122,201	0	0
State revenue sharing (net)	52,393	0	0	8,406
Severance taxes	75,315	0	0	0
Other	202,170	0	0	11,281
Fees, charges, and commissions for services	183,804	0	0	0
Fines and forfeitures	0	0	0	0
Use of money and property	79,345	10,567	11,673	16,450
Other revenues	94,055	0	197,235	5,672
Total Revenues	$ 1,023,248	$ 725,131	$ 436,587	$ 255,517
EXPENDITURES				
Current:				
General government:				
Legislative	$ 131,847	$ 0	$ 0	$ 0
Judicial	155,319	0	0	0
Elections	29,180	0	0	0
Finance and administrative	105,626	0	0	0
Other general government	256,586	0	0	0
Public safety	146,237	0	0	0
Public works	0	642,105	372,515	0
Health and welfare	1,665	0	0	0
Culture and recreation	76,120	0	0	243,813
Economic development and assistance	13,761	0	0	0
Transportation	0	0	0	0
Debt service:				
Principal retirement	0	0	59,094	0
Interest and bank charges	0	0	3,993	0
Capital outlay	0	19,153	0	0
Total Expenditures	$ 916,341	$ 661,258	$ 435,602	$ 243,813
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	$ 106,907	$ 63,873	$ 985	$ 11,704

Statement E

HEALTH UNIT	DRAINAGE MAINTENANCE	SECTION 8 VOUCHER	CRIMINAL COURT	OTHER GOVERNMENTAL	TOTAL
$ 111,619	$ 191,250	$ 0	$ 0	$ 117,523	$ 1,272,193
0	0	0	0	0	446,129
0	0	0	0	0	71,986
0	0	557,162	0	0	557,162
0	0	0	0	0	122,201
0	0	0	0	0	60,799
0	0	0	0	0	75,315
0	0	0	0	13,565	227,016
0	0	0	0	5,350	189,154
0	0	0	385,294	0	385,294
16,999	9,093	3,132	0	7,692	154,951
0	0	64,181	0	3,495	364,638
128,618	200,343	624,475	385,294	147,625	3,926,838
0	0	0	0	0	131,847
0	0	0	252,239	0	407,558
0	0	0	0	0	29,180
0	0	0	0	2,469	108,095
0	0	0	0	0	256,586
0	0	0	812	79,000	226,049
0	150,971	0	0	0	1,165,591
103,193	0	642,053	0	0	746,911
0	0	0	0	0	319,933
0	0	0	0	0	13,761
0	0	0	0	7,537	7,537
0	35,800	0	0	20,000	114,894
0	2,101	0	0	38,011	44,105
0	0	0	0	0	19,153
103,193	188,872	642,053	253,051	147,017	3,591,200
$ 25,425	$ 11,471	$ (17,578)	$ 132,243	$ 608	$ 335,638

(CONTINUED)

EAST CARROLL PARISH POLICE JURY

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes
in Fund Balances/Deficit
For the Year Ended December 31, 2005

	GENERAL	ROAD MAINTENANCE AND CONSTRUCTION	GARBAGE DISTRICT NO. 1	LIBRARY
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 0	$ 0	$ 0	$ 0
Transfers out	0	0	0	0
Other sources	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	106,907	63,873	985	11,704
FUND BALANCES - BEGINNING	337,242	487,332	488,842	418,038
FUND BALANCES - ENDING	$ 444,149	$ 551,205	$ 489,827	$ 429,742

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

Statement E

HEALTH UNIT	DRAINAGE MAINTENANCE	SECTION 8 VOUCHER	CRIMINAL COURT	OTHER GOVERNMENTAL	TOTAL
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
25,425	11,471	(17,578)	132,243	608	335,638
578,886	347,478	43,568	(114,443)	336,905	2,923,848
$ 604,311	$ 358,949	$ 25,990	$ 17,800	$ 337,513	$ 3,259,486

(CONCLUDED)

EAST CARROLL PARISH POLICE JURY

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances/Deficits
to the Statement of Activities
For the Year Ended December 31, 2005

Statement F

Total net change in fund balances - governmental funds		$	335,638
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period:			
Capital outlay	$ 7,193		
Depreciation expense	(339,488)		(332,295)
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.			114,894
In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned $35,684 exceeded the amounts used ($34,929) by $755.			(755)
Capital assets disposed of prior to full depreciation result in a loss on disposal for the government-wide statements. There is no recognition of this loss in the governmental funds.			(83)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.			6,332
Change in net assets of governmental activities.		$	123,731

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

East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2005

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East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The East Carroll Parish Police Jury (the Police Jury) is the governing authority for East Carroll Parish and is a political subdivision of the state of Louisiana. The Police Jury is governed by nine jurors representing the various districts within the parish. The jurors serve four-year terms which expire in December 2007.

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

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

A. REPORTING ENTITY As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll Parish. The financial reporting entity consists of (a) the primary government (Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2005

Component Unit	Method of Inclusion	Fiscal Year End	Criteria Used
Included within the reporting entity:			
East Carroll Parish Library	Blended	December 31	1 and 3
Sixth Judicial District Criminal Court (East Carroll Parish)	Blended	December 31	2 and 3
Community Action Agency of East Carroll Parish	Discrete	December 31	1 and 3
Not included within the reporting entity:			
East Carroll Parish:			
Sheriff		June 30	2 and 3
Assessor		December 31	2 and 3
Clerk of Court		June 30	2 and 3
East Carroll Hospital Service District		June 30	1 and 3
East Carroll Parish Housing Authority		June 30	1 and 3
East Carroll Recreation District		December 31	1 and 3

The Police Jury has chosen not to include the following component units in the basic financial statements: Sheriff, Assessor, Clerk of Court, East Carroll Hospital Service District, East Carroll Parish Housing Authority, and East Carroll Recreation District. Separate financial statements for each of these component units can be obtained by contacting the component unit.

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

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

The governmental funds are divided into separate "fund types." Governmental funds are used to account for government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on the recovering the cost of providing services to the public or other agencies through service charges or user fees. The Police Jury's current operations require the use of governmental funds. The fund types used by the Police Jury are described as follows:

Governmental funds

General fund – The general fund is the general operating fund of the Police Jury. It accounts for all activities except those required to be accounted for in other funds.

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

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

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

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

Drainage Maintenance - The drainage maintenance fund accounts for the maintenance of the parish drainage system. Financing is provided by ad valorem taxes.

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

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

Other Governmental - This fund is comprised of all non-major funds which include the airport, the Lakeside Walking Trail fund, Rural Fire Protection, and debt service fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

Fund Financial Statements (FFS)

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

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

Revenues Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar-year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Sales taxes are susceptible to accrual.

Federal and state grants are recognized when the Police Jury is entitled to the funds.

Fines, forfeitures, and court costs are recognized in the year they are received by the parish tax collector.

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

Substantially all other revenues are recognized when they become available to the Police Jury.

Based on the above criteria, ad valorem taxes, sales taxes, federal and state grants, and fines, forfeitures, and court costs have been treated as susceptible to accrual.

Expenditures Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term obligations, which are recognized when due.

Other Financing Sources (Uses) Sale of fixed assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

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

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

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

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

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

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

Definitions:

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

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

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

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

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

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

The LAMP may invest in U. S. Government Securities. The LAMP is designed to comply with restriction on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The LAMP seeks to maintain a stable net asset value of $1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs money market mutual funds (although the LAMP is not a money market fund and has no obligation to conform to this rule). The LAMP generally complies with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain additional quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days. The fair value of the position in the pool is the same as the value of the pool shares. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

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

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

I. PREPAID ITEMS

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

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

Buildings	40 years
Portable buildings	10 to 20 years
Office equipment	6 or 10 years
Furniture and fixtures	6 or 10 years
Construction equipment	4 to 10 years
Vehicles	4 or 9 years
Books, periodicals and law books	10 years
Infrastructure:	
Airport hangars	40 years
Road surface	25 years
Bridges	40 to 50 years

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Imposed by law through constitutional provisions or enabling legislation. All of the Police Jury's restricted net assets are restricted by enabling legislation.

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

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

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

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

P. SALES TAXES The Police Jury has a one percent sales and use tax, which was passed by the voters on October 16, 1993, for a period of five years. In October 2002, this tax was renewed for five years. The taxing period for the renewal is effective from January 1, 2004 through December 31, 2008. The net proceeds of the tax (after necessary costs of collection) are to be used to construct, operate, and maintain parish public roads, drainage canals, and public bridges, with ten percent of the proceeds used exclusively for insurance premiums.

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations in Individual Funds The following funds had actual expenditures over budgeted expenditures for the year ended December 31, 2005 :

Fund	Budget	Actual	Unfavorable Variance
Health Unit	$100,286	$102,609	$2,323

Actual expenditures exceeded appropriations as a result of unanticipated expenditures occurring in the month of December after the final budget revision.

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

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

Property Tax Calendar	
Millage rates adopted	September 5, 2005
Levy date	September 25, 2005
Tax bills mailed	November 7, 2005
Due date	December 31, 2005
Lien date	January 1, 2006
Tax sale - 2003 delinquent property	On or about May 1, 2006

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2004. Total assessed value was $34,697,504 in calendar year 2005. Louisiana state law exempts the first $75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was $5,228,686 of the assessed value in calendar year 2005.

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

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

The tax roll is prepared by the parish tax assessor in November of each year, therefore, the amount of 2005 property taxes to be collected occurs in December and January and February of the next year. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 2005:

	Authorized Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
General fund	5.41	5.41	Indefinite
Courthouse maintenance	2.31	2.31	2009
Road maintenance	6.75	6.75	2007
Drainage maintenance	6.75	6.75	2007
Library maintenance	7.49	7.49	2009
Health unit	3.94	3.94	2007
District taxes:			
Rural fire protection	2.60	2.60	2008
Rural fire protection debt service	Variable	2.85	2018
Waste collection and disposal	10.59	10.59	2005

The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2005

NOTE 4 - DEPOSITS At December 31, 2005, the Police Jury had cash and cash equivalents (book balances) as follows:

Demand deposits	$1,099,962
Time deposits	38,622
Total cash and cash and cash equivalents per Statement A	$1,138,584

At December 31, 2005, the Community Action Agency of East Carroll Parish (component unit) has demand deposits (book balances) totaling $34,661.

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

Custodial Credit Risk-Deposits. At year-end the bank balance was $1,372,572. Of the bank balance, $309,055 was covered by federal depository insurance or by collateral held by the Police Jury's agent in the Police Jury's name (GASB Category 1). The remaining balance, $1,063,517 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Police Jury's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Police Jury that the fiscal agent has failed to pay deposited funds upon demand.

Interest Rate Risk-Deposits. The Police Jury's policy does not address interest rate risk.

At December 31, 2005, deposit balances of the Community Action Agency of East Carroll Parish (a discretely presented component unit) were fully secured by federal deposit insurance.

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

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

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

Type of investment	Carrying Amount Fair Value
Investments not subject to categorization:	
External investment pool (LAMP)	$1,063,384

Investments held at December 31, 2005 consist of $1,063,384 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2005 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk. The Police Jury manages its exposure to declines in fair value by investing in the LAMP investment pool which is highly liquid and has short maturity dates.

Credit Risk. State law limits investments to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies. New regulations also include investments in investment grade commercial paper of domestic U.S. corporations. The Police Jury's investments at December 31,2005 were limited to investments in LAMP with a Standard and Poor rating of AAAm. LAMP investments in commercial paper is limited to U.S. corporations with an A-1 or A-1+ by Standard and Poor.

Concentration of Credit Risk. LAMP investments are limited to securities issued, guaranteed or otherwise backed by the U.S. government. Commercial paper investment is limited to a maximum of 30% of the total assets of LAMP, 3% of assets per issuer, and 25% of assets per industry, except banking.

Custodial Credit Risk-Investments. LAMP investments are limited to securities issued, guaranteed or otherwise backed by the U.S. Government. The government securities are backed by the Federal government.

NOTE 6 - RECEIVABLES The following is a summary of receivables at December 31, 2005:

	General	Road Maintenance Construction	Garbage District No. 1	Library	Health Unit	Drainage Maintenance	Criminal Court	Other Govern-mental	Total
Taxes									
Ad valorem	$164,105	$143,485	$177,650	$159,215	$83,753	$143,485	$ 0	$91,426	$963,119
Sales tax	0	44,332	0	0	0	0	0	0	44,332
Intergovernmental Revenues									
Federal	0	0	0	0	0	0	0	0	0
State	0	19,822	0	0	0	0	0	0	19,822
Other	20,398	0	17,309	0	0	0	15,786	5,275	58,768
Total	$184,503	$207,639	$194,959	$159,215	$83,753	$143,485	$15,786	$96,701	$1,086,041

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

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

	Balance, Beginning	Additions	Deletions	Balance, Ending
Governmental activities				
Not subject to depreciation:				
Land	$ 274,665	$ 0	$ 0	$ 274,665
Airport land	101,000	0	0	101,000
Subject to depreciation:				
Buildings	1,693,461	0	0	1,693,461
Office equipment	424,814	7,193	1,653	430,354
Furniture and fixtures	104,387	0	0	104,387
Construction equipment	1,250,178	0	0	1,250,178
Vehicles	2,077,651	0	0	2,077,651
Books, periodicals and law books	360,206	0	0	360,206
Infrastructure				
Airport hangars	25,000	0	0	25,000
Airport runway	763,626	0	0	763,626
Road right-of-way	558,234	0	0	558,234
Road surface	8,381,245	0	0	8,381,245
Bridges	1,690,647	0	0	1,690,647
Total	$17,705,114	$ 7,193	$1,653	$17,710,654
Less accumulated depreciation:				
Buildings	$1,293,069	22,820	0	1,315,889
Office equipment	323,193	30,842	1,570	352,465
Furniture and fixtures	95,556	2,926	0	98,482
Construction equipment	1,087,455	34,610	0	1,122,065
Vehicles	1,103,176	189,283	0	1,292,459
Books, periodicals and law books	311,737	7,463	0	319,200
Infrastructure				
Airport hangars	18,438	625	0	19,063
Airport runway	28,636	19,091	0	47,727
Road surface	8,250,980	2,605	0	8,253,585
Bridges	893,218	31,801	0	925,019
Total	13,405,458	342,066	1,570	13,745,954
Governmental activities capital assets, net	$ 4,299,656	$(334,873)	$ (83)	$ 3,964,700

East Carroll Parish Police Jury
Notes to the Basic Financial Statements
As of and for the Year Ended December 31, 2005

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

Judicial	$ 265
Elections	197
Finance and administrative	117
Other general government	3,550
Public safety	163,064
Public works	114,741
Health and welfare	25,425
Culture and recreation	14,991
Economic development and assistance	0
Transportation	19,716
Total	$342,066

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

	Balance, Beginning	Additions	Deletions	Balance, Ending
Governmental activities				
Office equipment	$14,566	$ 0	$0	$14,566
Furniture and fixtures	6,234	0	0	6,234
Total	20,800	0	0	20,800
Less accumulated depreciation:				
Office equipment	13,510	741	0	14,251
Furniture and fixtures	5,698	132	0	5,828
Total	19,206	873	0	20,079
Governmental activities capital assets, net	$ 1,594	$(873)	$0	$ 721

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

Finance and administrative	$873

NOTE 8 - RETIREMENT SYSTEMS Substantially all employees of the Police Jury and the Community Action Agency of East Carroll Parish are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Police Jury and the Community Action Agency of East Carroll Parish (component unit) are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 65 with a minimum of seven years of creditable service, at or after age 60 with at least ten years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus $24 for each year of supplemental-plan-only service earned before January 1, 1980, plus three percent of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Under Plan A, members are required by state statute to contribute 9.50 percent of their annual covered salary and the Police Jury is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the system also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Police Jury and Community Action Agency of East Carroll Parish (component unit) are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Police Jury's contributions to the System under Plan A for the years ending December 31, 2005, 2004, and 2003, were $102,055, $94,184, and $63,364, respectively, equal to the required contribution for each year. The Community Action Agency of East Carroll Parish (component unit) contributions to the system under Plan A for the years ended December 31, 2005, 2004, and 2003, were $6,529, $4,802, and $3,499, respectively, equal to the required contribution for each year.

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

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES

	General	Road Maintenance and Construction	Garbage District	Health Unit	Drainage Maintenance	Section 8 Voucher	Total
Vendors	$22,732	$15,093	$1,502	$266	$3,158	$415	$43,166
Total	$22,732	$15,093	$1,502	$266	$3,158	$415	$43,166

NOTE 10 - LONG-TERM LIABILITIES The following is a summary of the long-term liabilities transactions and balances for the year ended December 31, :

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	$750,000	$ 0	$ 20,000	$730,000	$40,000
Other Liabilities:					
Compensated absences	4,740	35,684	34,929	5,495	5,495
Capital leases	147,067	0	94,894	52,173	41,992
Governmental Activities Long-term liabilities	$901,807	$35,684	$149,823	$787,668	$87,487

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

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

	Original Amount	Interest Rates	Final Payment Due	Interest to Maturity	Principal Outstanding
2004 Issue	$750,000	3.99	4-1-19	$231,310	$730,000

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At December 31, , the Police Jury had accumulated $76,144 in the debt service fund for future debt requirements. The bonds are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2006	$ 40,000	$ 25,308	$ 65,308
2007	40,000	25,268	65,268
2008	40,000	25,048	65,048
2009	45,000	24,398	69,398
20010	45,000	23,273	68,273
2011-2015	260,000	84,500	344,500
2016-2018	260,000	23,515	283,515
Total	$730,000	$231,310	$961,310

In accordance with Louisiana Revised Statute 39:562, the Police Jury and its component units are legally restricted from incurring long-term bonded debt in excess of ten percent of the assessed value of taxable property in the parish or district. At December 31, the statutory limit is $3,469,750 and net outstanding bonded debt totals $653,856.

The Police Jury records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, the Police Jury had three capital leases in effect for equipment. The leases had an original recorded amount of $468,210. Obligations are retired from the drainage fund and the Garbage District No. 1.

The present value of the net minimum lease payments, as of December 31, 2005:

Fiscal year:	
2006	$43,800
2007	10,354
Less amounts representing executory costs	0
Net minimum lease payments	54,154
Less amounts representing interest	(1,981)
Present value of net minimum lease payments	$52,173

NOTE 11 - CRIMINAL COURT FUND Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the criminal court fund at year end be transferred to the parish general fund. In prior years the Criminal Court Fund had a negative fund balance. In the current year the criminal court paid $60,621 which was used to decrease an interfund loan balance.

NOTE 12 - INTERFUND ASSETS/LIABILITIES (FFS LEVEL ONLY)

Interfund Receivables/Payables:

Receivable Fund	Payable Fund	Amount
General Fund	Criminal Court	$58,607
	Road Maintenance and Construction	4,740
Drainage Fund	Road Maintenance and Construction	3,316
Total		$66,663

The Criminal Court is expected to repay the interfund liability within one year. The road maintenance and construction fund is expected to pay its liability within one year.

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

NOTE 13 - LITIGATION AND CLAIMS

Litigation The Police Jury is involved in three lawsuits regarding payment of expenses for inmate housing. The settlement of these litigations will result in a liability for the Police Jury. An estimate of the final outcome cannot be made at this time. Estimated maximum exposure for the three litigations is $367,660. The cases are currently in the discovery phase.

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

NOTE 14 - RISK MANAGEMENT The Police Jury is at risk for property damage, liability and theft which are covered by commercial insurance through the Louisianan Rural Parish Insurance Cooperative, a self-insurance fund. This self-insurance program is a public entity risk pool which was approved by the State of Louisiana Insurance Commission. The cooperative operates as any other commercial insurance company. Three insurance companies currently share the excess coverage insurance. The first $100,000 of all coverages are self-funded by the combined contributions of the members. No additional assessments can be made against the Police Jury. The Police Jury is responsible only for the payment of premiums.

REQUIRED SUPPLEMENTAL INFORMATION

East Carroll Parish Police Jury

Budgetary Comparison Schedules

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

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

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

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

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

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

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

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

EAST CARROLL PARISH POLICE JURY

GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-1

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 46,778	$ 214,097	$ 214,097	$ 0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	206,000	205,000	226,591	21,591
Sales and use	39,000	42,000	45,016	3,016
Licenses and permits	47,000	72,000	71,986	(14)
Intergovernmental revenues:				
Federal funds	0	0	0	0
State funds:				
State revenue sharing (net)	48,000	48,000	52,393	4,393
Severance taxes	21,700	76,744	75,315	(1,429)
Other	104,073	211,224	202,170	(9,054)
Fees, charges, and commissions for services	217,185	208,785	183,804	(24,981)
Use of money and property	15,300	81,568	79,345	(2,223)
Intergovernmental	0	0	0	0
Other revenues	78,550	81,450	82,689	1,239
Transfers from other funds	0	0	0	0
Amounts available for appropriations	823,586	1,240,868	1,233,406	(7,462)
Charges to appropriations (outflows)				
General government:				
Legislative	53,206	143,481	141,875	1,606
Judicial	111,515	153,513	155,319	(1,806)
Elections	35,095	35,615	29,180	6,435
Finance and administrative	101,200	100,600	105,626	(5,026)
Other general government	280,360	262,187	254,610	7,577
Public safety	126,700	169,075	143,659	25,416
Public works	28,000	28,000	0	28,000
Health and welfare	12,500	12,500	1,665	10,835
Culture and recreation	8,200	14,451	67,570	(53,119)
Economic development and assistance	11,300	11,300	13,761	(2,461)
Capital outlay	4,000	500	0	500
Transfers to other funds	3,000	2,000	2,000	0
Total charges to appropriations	775,076	933,222	915,265	17,957
BUDGETARY FUND BALANCES, ENDING	$ 48,510	$ 307,646	$ 318,141	$ 10,495

EAST CARROLL PARISH POLICE JURY

ROAD MAINTENANCE AND CONSTRUCTION
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-2

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 303,418	$ 487,332	$ 487,332	$ 0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	177,976	177,086	194,184	17,098
Sales and use	390,000	405,000	428,989	23,989
Intergovernmental revenues:				
State funds:				
Parish transportation funds	105,000	110,000	111,189	1,189
Federal funds	0	0	0	0
Use of money and property	3,700	8,850	10,924	2,074
Other revenues	95,540	95,710	50,668	(45,042)
Amounts available for appropriations	1,075,634	1,283,978	1,283,286	(692)
Charges to appropriations (outflows)				
Public works	785,347	738,591	721,516	17,075
Debt service:				
Principal retirement	0	0	0	0
Interest and bank charges	0	0	0	0
Capital outlay	12,200	19,200	19,153	47
Transfers to other funds	39,000	40,500	42,976	(2,476)
Total charges to appropriations	836,547	798,291	783,645	14,646
BUDGETARY FUND BALANCES, ENDING	$ 239,087	$ 485,687	$ 499,641	$ 13,954

EAST CARROLL PARISH POLICE JURY

GARBAGE DISTRICT NO. 1
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-3

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	(BUDGETARY BASIS)	(NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 314,354	$ 289,979	$ 304,336	$ 14,357
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	213,000	212,500	233,239	20,739
Other revenue	219,800	225,230	197,235	(27,995)
Use of money and property	3,000	11,300	11,673	373
Amounts available for appropriations	750,154	739,009	746,483	7,474
Charges to appropriations (outflows)				
Public works	387,715	372,525	371,219	1,306
Debt service:				
Principal retirement	79,720	63,000	63,087	(87)
Capital outlay	0	0	0	0
Total charges to appropriations	467,435	435,525	434,306	1,219
BUDGETARY FUND BALANCES, ENDING	$ 282,719	$ 303,484	$ 312,177	$ 8,693

EAST CARROLL PARISH POLICE JURY

LIBRARY
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-4

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 191,486	$ 191,486	$ 191,486	$ 0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	195,000	212,000	227,041	15,041
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	12,500	12,000	8,406	(3,594)
Other	10,100	11,281	11,281	0
Use of money and property	10,565	14,415	14,625	210
Other revenues	5,112	5,684	5,672	(12)
Amounts available for appropriations	424,763	446,866	458,511	11,645
Charges to appropriations (outflows)				
Culture and recreation	257,658	251,611	243,813	7,798
Total charges to appropriations	257,658	251,611	243,813	7,798
BUDGETARY FUND BALANCES, ENDING	$ 167,105	$ 195,255	$ 214,698	$ 19,443

EAST CARROLL PARISH POLICE JURY

HEALTH UNIT
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-5

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	(BUDGETARY BASIS)	(NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 489,516	$ 492,932	$ 492,932	$ 0
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	103,000	102,500	113,236	10,736
Use of money and property	5,600	14,560	16,999	2,439
Other revenues	332	332	0	(332)
Amounts available for appropriations	598,648	610,324	623,167	12,843
Charges to appropriations (outflows)				
Health and welfare	82,359	100,286	102,609	(2,323)
Total charges to appropriations	82,359	100,286	102,609	(2,323)
BUDGETARY FUND BALANCES, ENDING	$ 516,289	$ 510,038	$ 520,558	$ 10,520

EAST CARROLL PARISH POLICE JURY

DRAINAGE MAINTENANCE
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-6

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 193,718	$ 196,690	$ 347,478	$ 150,788
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	177,976	177,086	191,250	14,164
Use of money and property	2,700	8,300	9,093	793
Other revenues	1,000	1,000	0	(1,000)
Transfers from other funds	0	0	0	0
Amounts available for appropriations	375,394	383,076	547,821	164,745
Charges to appropriations (outflows)				
Public works	164,044	59,824	150,971	(91,147)
Debt service:				
Principal retirement	37,902	37,902	35,800	2,102
Interest and bank charges	0	0	2,101	(2,101)
Capital outlay	6,000	500	0	500
Transfers to other funds	0	94,640	0	94,640
Total charges to appropriations	207,946	192,866	188,872	3,994
BUDGETARY FUND BALANCES, ENDING	$ 167,448	$ 190,210	$ 358,949	$ 168,739

EAST CARROLL PARISH POLICE JURY

SECTION 8 VOUCHER
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Exhibit 1-7

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	$ 0	$ 0	$ 43,568	$ 43,568
Resources (inflows)				
Intergovernmental revenues:				
Federal funds	559,611	557,161	557,162	1
Use of money and property	688	952	3,132	2,180
Other revenues	68,944	91,702	64,181	(27,521)
Amounts available for appropriations	629,243	649,815	668,043	71,088
Charges to appropriations (outflows)				
Health and welfare	625,513	646,276	642,053	4,223
Total charges to appropriations	625,513	646,276	642,053	4,223
BUDGETARY FUND BALANCES, ENDING	$ 3,730	$ 3,539	$ 25,990	$ 29,529

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2005

A. BUDGETS

General Budget Policies Preliminary budgets for the ensuing year are prepared by the secretary-treasurer prior to December 31 of each year. The availability of the proposed budgets for public inspection and the date of the public hearing on the proposed budgets are then advertised in the official journal. During its regular December meeting, the Police Jury holds a public hearing on the proposed budgets in order to receive comments from residents of the parish. Changes are made to the proposed budgets based on the public hearing and the desires of the Police Jury as a whole. The budgets are then adopted during the Police Jury's regular December meeting, and a notice of the adoption is then published in the official journal.

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

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

For the year ended December 31, 2005, cash basis budgets were adopted for the general fund and all special revenue funds, except the criminal court special revenue fund, which is exempt from the requirements Louisiana Revised Statutes 30:1301-1314 (Local Government Budget Act).

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

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

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

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

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

East Carroll Parish Police Jury

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2005

B. Excess Expenditures over Budget

	Final Budget	Actual	Unfavorable Variance
Health Unit	$100,286	$102,609	$2,323

East Carroll Parish Police Jury

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2005

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

	General	Road Maintenance Construction	Garbage District No. 1	Library	Health Unit	Drainage Maintenance	Section 8 Voucher
Sources/inflows of resources:							
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	$1,233,406	$1,283,286	$ 746,483	$ 458,511	$ 623,167	$ 547,821	$668,043
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(214,097)	(487,332)	(304,336)	(191,486)	(492,932)	(347,478)	(43,568)
Accrual of accounts receivable for financial reporting purposes	3,939	22,153	(5,560)	(11,508)	(1,617)	0	0
Transfers of tax collections to other funds classified as tax revenue for budgetary purposes and as a reduction of tax revenue for financial reporting	0	(42,976)	0	0	0	0	0
Transfers from other funds to offset expenditures classified as receipts for budgetary purposes and as a reduction of expenditure for financial reporting	0	(50,000)	0	0	0	0	0
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$1,023,248	$ 725,131	$ 436,587	$ 255,517	$ 128,618	$ 200,343	$624,475

East Carroll Parish Police Jury

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2005

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

	General	Road Maintenance Construction	Garbage District No. 1	Library	Health Unit	Drainage Maintenance	Section 8 Voucher
Uses/Outflows of resources:							
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	$915,265	$783,645	$434,306	$243,813	$102,609	$188,872	$642,053
Transfers from other funds to offset expenditures classified as receipts for budgetary purposes and as a reduction of expenditures for financial reporting	(21,572)	(94,640)	0	0	0	0	0
Accrual of accounts payable for financial reporting	22,648	15,229	1,296	0	584	0	0
Transfers of tax collections to other funds classified as a transfer out for budgetary purposes and as a reduction of tax revenue for financial reporting	0	(42,976)	0	0	0	0	0
Transfers to other funds classified as expenditures for budgetary purposes and as an operating transfer for financial reporting	0	0	0	0	0	0	0
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$916,341	$661,258	$435,602	$243,813	$103,193	$188,872	$642,053

SUPPLEMENTAL INFORMATION

COMBINING NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

EAST CARROLL PARISH POLICE JURY

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
December 31, 2005

Exhibit 2

	SPECIAL REVENUE	DEBT SERVICE	TOTAL
ASSETS			
Cash and cash equivalents	$ 150,538	$ 28,334	$ 178,870
Investments	61,942	0	61,942
Receivables	48,891	47,810	96,701
TOTAL ASSETS	261,369	76,144	337,513
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	0	0	0
Total Liabilities	0	0	0
Fund Balances:			
Reserved for debt service	0	76,144	76,144
Unreserved, reported in Special Revenue	261,369	0	261,369
Total Fund Balances	261,369	76,144	337,513
TOTAL LIABILITIES AND FUND BALANCES	$ 261,369	$ 76,144	$ 337,513

EAST CARROLL PARISH POLICE JURY

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended December 31, 2005

Exhibit 3

	SPECIAL REVENUE	DEBT SERVICE	TOTAL
REVENUES			
Local sources:			
Taxes:			
Ad valorem	$ 55,895	$ 61,628	$ 117,523
Intergovernmental revenues:			
State funds:			
Other	13,565	0	13,565
Fees, charges, and commissions for services	5,350	0	5,350
Use of money and property	6,510	1,182	7,692
Other revenues	3,495	0	3,495
Total Revenues	84,815	62,810	147,625
EXPENDITURES			
Current:			
General government:			
Finance and administrative	0	2,469	2,469
Public Safety	79,000	0	79,000
Transportation	7,537	0	7,537
Debt service:			
Principal retirement	0	20,000	20,000
Interest and bank charges	0	38,011	38,011
Total Expenditures	86,537	60,480	147,017
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(1,722)	2,330	608
FUND BALANCES - BEGINNING	263,091	73,814	336,905
FUND BALANCES - ENDING	$ 261,369	$ 76,144	$ 337,513

East Carroll Parish Police Jury

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

EAST CARROLL PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2005

Exhibit 4

	AIRPORT HANGAR	LAKESIDE WALKING TRAIL	RURAL FIRE PROTECTION	TOTAL
ASSETS				
Cash and cash equivalents	$ 1,383	$ 16,175	$ 132,978	$ 150,536
Investments	0	0	61,942	61,942
Receivables	5,275	0	43,616	48,891
TOTAL ASSETS	6,658	16,175	238,536	261,369
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts, salaries and other payables	0	0	0	0
Interfund payables	0	0	0	0
Total Liabilities	0	0	0	0
Fund Balances:				
Unreserved and undesignated	6,658	16,175	238,536	261,369
Total Fund Balance	6,658	16,175	238,536	261,369
TOTAL LIABILITIES AND FUND BALANCES	$ 6,658	$ 16,175	$ 238,536	$ 261,369

EAST CARROLL PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2005

Exhibit 5

	AIRPORT HANGAR	LAKESIDE WALKING TRAIL	RURAL FIRE PROTECTION	TOTAL
REVENUES				
Local sources:				
Taxes:				
Ad valorem	$ 0	$ 0	$ 55,895	$ 55,895
Intergovernmental revenues:				
State funds:				
Other	0	0	13,565	13,565
Fees, charges, and commissions for services	5,350	0	0	5,350
Use of money and property	0	0	6,510	6,510
Other revenues	0	0	3,495	3,495
Total Revenues	5,350	0	79,465	84,815
EXPENDITURES				
Current:				
General government:				
Public Safety	0	0	79,000	79,000
Transportation	7,537	0	0	7,537
Total Expenditures	7,537	0	79,000	86,537
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(2,187)	0	465	(1,722)
FUND BALANCES - BEGINNING	8,845	16,175	238,071	263,091
FUND BALANCES - ENDING	$ 6,658	$ 16,175	$ 238,536	$ 261,369

GENERAL **Exhibit 6**

COMPENSATION PAID POLICE JURORS The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the general fund. In accordance with Louisiana Revised Statute 33:1233, the Police Jury has elected the monthly payment method of compensation. Under this method, the president receives $700 per month and the other jurors receive $600 per month.

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

Joseph G. Jackson, President	$ 8,400
Roger Clement	7,200
Patricia F. Roberson	7,200
John E. Shoemaker	7,200
Billy Travis	7,200
Total	$37,200

East Carroll Parish Police Jury
Lake Providence, Louisiana

Single Audit Report
And Other Information
As of and for the Year Ended December 31, 2005

East Carroll Parish Police Jury
Lake Providence, Louisiana

Single Audit Report
And Other Information
As of and for the Year Ended December 31, 2005

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ALLEN, GREEN & WILLIAMSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 6075
Monroe, LA 71211-6075
2414 Ferrand Street
Monroe, LA 71201
Phone: (318) 388-4422
Fax: (318) 388-4664
Toll-free: (888) 741-0205
www.allengreencpa.com

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Tim Green, CPA
Margie Williamson, CPA
Diane Ferschoff, CPA
Ernest L. Allen, CPA
(Retired)
1963 - 2000

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
East Carroll Parish Police Jury
Lake Providence, Louisiana

We have audited the financial statements of the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund and the aggregate remaining fund information of East Carroll Parish Police Jury, as of and for the year ended December 31, 2005, which collectively comprise the Police Jury's basic financial statements and have issued our report thereon dated June 30, 2006. We issued an adverse opinion on the aggregate discretely presented component units and an unqualified opinion on the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund, and the aggregate remaining fund information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Police Jury's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Police Jury's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05-F1.

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

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Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Police Jury's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Management Letter Items
We noted certain matters that we reported to management of the Police Jury in a separate letter dated June 30, 2006.

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

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 30, 2006

ALLEN, GREEN & WILLIAMSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 6075
Monroe, LA 71211-6075
2414 Ferrand Street
Monroe, LA 71201
Phone: (318) 388-4422
Fax: (318) 388-4664
Toll-free: (888) 741-0205
www.allengreencpa.com

Tim Green, CPA
Margie Williamson, CPA
Diane Ferschoff, CPA
Ernest L. Allen, CPA
(Retired)
1963 - 2000

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

Compliance

We have audited the compliance of the East Carroll Parish Police Jury, Lake Providence, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The Police Jury's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Police Jury's management. Our responsibility is to express an opinion on East Carroll Parish Police Jury's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Police Jury's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Police Jury's compliance with those requirements.

In our opinion the Policy Jury complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05-F2, 05-F3 and 05-F4.

Internal Control Over Compliance

The management of the Police Jury is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Police Jury's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Police Jury's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-F2, 05-F3, and 05-F4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal Awards
We have audited the financial statements of the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund, and the aggregate remaining fund information of the Police Jury, as of and for the year ended December 31, 2005, and have issued our report thereon dated June 30, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Police Jury's primary government financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 30, 2006

East Carroll Parish Police Jury

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Expenditures
CASH FEDERAL AWARDS			
United States Department of Housing and Urban Development			
Direct Programs:			
Section 8 Housing Choice Voucher Program	14.871	FW2118	$557,162
United States Department of Health and Human Services			
Passed Through Louisiana Department of Labor:			
Community Services Block Grant	13.792	N/A	51,895
Passed Through Louisiana Department of Social Services:			
Low-Income Home Energy Assistance	13.789	N/A	68,853
Total United States Department of Health and Human Services			
Federal Emergency Management Agency			
Passed Through United Way of America:			
Federal Emergency Food and Shelter	83.523	N/A	10,446
TOTAL CASH FEDERAL AWARDS			
NON CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution Program	10.550	N/A	7,500
TOTAL NON CASH FEDERAL AWARDS			
TOTAL FEDERAL AWARDS			$695,856

East Carroll Parish Police Jury

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

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

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

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

	Federal Sources
Major funds:	
Section 8 Voucher	$557,162
Component Unit - Community Action Agency	138,694
Total	$695,856

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - MATCHING REVENUES AND STATE FUNDING

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

East Carroll Parish Police Jury

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2005

PART I - Summary of the Auditors' Results

Financial Statement Audit

i. The type of audit report issued was an adverse opinion on the aggregate discretely presented component units and an unqualified opinion on the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund, and the aggregate remaining fund information.

ii. There was one reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America. The reportable condition was not considered to be a material weakness.

iii. There were no instances of noncompliance that were considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

iv. There were reportable conditions required to be disclosed by OMB Circular A-133. The reportable conditions were not considered to be material weaknesses.

v. The type of report the auditor issued on compliance for major programs was unqualified.

vi. The audit disclosed three audit findings which the auditor is required to report under OMB Circular A-133, Section .510(a).

vii. The major federal program is:

CFDA #14.871	Section 8 Housing Choice Voucher Program

viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was $300,000.

ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

East Carroll Parish Police Jury
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2005

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

Reference # and title: 05-F1 Bank Reconciliations

Entity-wide or program/department specific: This finding is entity-wide

Criteria or specific requirement: In order to ensure that there are no errors or omissions by the banking institutes and to verify that cash balances are correct and there are no irregularities in the handling of cash, bank reconciliations should be performed no later than 30 days after the bank statements are received. Bank reconciliations should contain the balances reported by the banking institution and the balances shown on the books. The differences between the two balances should then be reconciled.

Condition found: Testing of cash revealed that the reconciliations for the payroll accounts are still not being performed on a timely basis and the actual reconciliation is not a true reconciliation. The reconciliation basically consists of listing the outstanding checks and the totals are listed as the unreconciled difference. The bank balances are not listed on the reconciliation.

Proper perspective for judging the prevalence and consequences: Most banking institutes allow thirty days for notification regarding banking errors or omissions. Any errors noted after this time period become the responsibility of the owner of the account. Without a true reconciliation of the payroll accounts, the Police Jury has no legal recourse regarding errors. In addition, the lack of reconciliation could encourage malfeasance.

Possible asserted effect (cause and effect):

Cause: All funds have payroll accounts which act basically as clearing accounts. Due to the payroll being run by the General Fund and repaid by the other payroll accounts, it is difficult to obtain a complete reconciliation using the accounting software.

Effect: Internal controls over payroll accounts are compromised.

Recommendations to prevent future occurrences: An effort should be made to perform a true reconciliation of payroll accounts using either the accounting software or performed by hand. The reconciliations should be performed on a timely basis.

East Carroll Parish Police Jury
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2005

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

Reference # and title: 05-F2 Test of Rent Reasonableness

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

Criteria or specific requirement: Before entering into a Housing Assistance Payment (HAP) contract, rent reasonableness must be determined. Rent reasonableness must also be determined prior to an increase in payments to owners or if there is a decrease of 5% or more in the published fair market rentals.

Condition found: A sample of ten resident files were chosen to ascertain if comparisons with similar units were obtained and if the administrative policy regarding minimum resident rent is being followed. Six of the files contained no comparisons with similar units. Five of the files tested showed resident rent as zero, but the administrative policy states that the minimum resident rent is $50. Three of the four files containing comparisons had comparisons to units in other parishes, one comparison was approximately 2 months after the HAP contract and one was dated the same day as the HAP contract. One comparison was not dated and another was neither dated nor signed by the preparer.

Proper perspective for judging the prevalence and consequences: The Section 8 has approximately 140 vouchers to issue.

Possible asserted effect (cause and effect):

Cause: There was no explanation for the lack of documented comparisons.

Effect: The rent reasonableness requirement is not adequately documented for the items discussed above.

Recommendations to prevent future occurrences: Administration should devise a plan to ensure comparisons are performed. If local comparisons cannot be obtained, administration should request HUD approval to obtain comparisons outside the area.

Reference # and title: 05-F3 Test of Resident Files

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

Criteria or specific requirement: Re-examination of income and family composition must be performed, at a minimum, yearly. The income should be verified by a third-party or by viewing original documents provided by the resident. All social security numbers and birth dates reported on the re-examination form (form 50058) must match the information provided by the resident. The rent established must be between 90% and 110% of the published fair market rent. Upon examination of the latest information, a recalculation of total resident payment and HAP payments must be performed.

Condition found: A total of 27 files were tested and the following exceptions were noted:

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

- 5 instances where the social security number on the 50058 did not agree to the social security card
- 3 instances where the date of birth on the 50058 did not agree to the date of birth on the birth certificate
- 3 instances in which there was no birth certificate in the resident's file
- 3 instances where the income reported on the 50058 was not verified by a third party
- 4 instances where the 9886 HUD release form was not signed by members of the household over the age of 18
- 1 instance where the food stamp income was included in rent and income calculation
- 2 instances where the inspection date on the 50058 did not agree to the supporting documentation
- 1 instance where the name on the 50058 did not agree to the supporting documentation
- 1 instance where the annual recertification was not done timely
- 1 instance where there was no inspection date on the inspection form
- 1 instance where there was no support for full-time student status in which there was a $480 deduction
- 1 instance where the total resident payment was miscalculated
- 1 instance where the contract rent was not between 90% and 110% of the fair market rent.

Proper perspective for judging the prevalence and consequences: Section 8 has approximately 140 vouchers.

Possible asserted effect (cause and effect):

Cause: It appears there is no quality control inspections of files to periodically review for errors and omissions. There are only two full-time employees to handle the recertfications and all requirements of the program.

Effect: Data reported to HUD by Form 50058 for the instances noted above may be incorrect.

Recommendations to prevent future occurrences: A random sample of recertifications should be chosen for review to identify errors. Due care should be taken when entering data for reports.

Reference # and title: 05-F4 Test of Inspections

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

Criteria or specific requirement: After the initial inspection performed to ensure adequacy for residence, annual inspections must be performed to ensure that the unit remains in compliance with housing quality standards. Routine repairs are given 30 days to remedy. Life-threatening repairs must be replaced within 24 hours of notification. If the repairs are not performed during the specified time frame, the Section 8 should withhold HAP payments until such time as the violations are corrected.

Condition found: An inspection log was provided which showed the inspections performed by month. The log indicated that all units passed on the initial inspection. This did not appear reasonable. The test of resident files indicated that there were re-inspections for five of the units tested. Those five were chosen to see if the annual

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

inspection was in the file and, if repairs were required, that the repairs were completed timely. In four of the five inspections tested the landlord did not complete the repairs in a timely manner and there was no abatement procedure. The inspection log is not truly indicative of the inspection process.

Proper perspective for judging the prevalence and consequences: Section 8 has approximately 140 vouchers. It is unknown how many units failed the first inspection because it is not noted in the inspection log.

Possible asserted effect (cause and effect):

Cause: Discussions with administration revealed that they were not sure why abatement procedures were not taken. The inspection log is not indicative of the actual inspection process nor does it document the reinspections properly.

Effect: Payments could have been made to landlords who did not fulfill the request for repairs in a timely manner.

Recommendations to prevent future occurrences: The inspection logs need to reflect the actual inspection process. Documentation should be readily available for all inspections and reinspections. Due care should be taken to ensure that payments are not made to landlords who do not complete repairs within the allotted time given.

Other Information

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

East Carroll Parish Police Jury

Summary Schedule of Prior Audit Findings
December 31, 2005

Reference # and title: **04-F1** **Section 8 Landlord/Resident Files**

Finding: HUD guidance for the Form 50058 contains requirements that certain information be maintained in the resident files. This information includes birth certificates, verification of full-time student status, inspection reports, income verification, social security numbers for residents six years or older and other documentation. All resident files should contain a signed HUD Form 9886 (Authorization for Release of Information).

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

1. One file had a social security number which did not match the form 50058.
2. Three files did not contain a signed HUD form 9886.
3. One file did not contain an annual inspection.

Corrective action taken: See Finding 05-F3.

Reference # and title: **04-F2** **Documentation of Rent Reasonableness**

Finding: To ensure that the rents charged to the Section 8 Housing Choice Voucher Program are reasonable administration must compare the rent, for the Voucher Units to rents or similar unassisted units in the market place as well as compare the rent to rents for similar units on the premises. Rent reasonableness determinations should be done before entering into a HAP contract.

Documentation could not be provided for rent reasonableness comparisons for three of the fifteen files tested. The rent reasonableness determination was done after entering into the HAP contract for nine of the fifteen files tested.

Corrective action taken: See Finding 05-F2.

East Carroll Parish Police Jury

Corrective Action Plan for Current-Year Findings and Questioned Cost
December 31, 2005

Reference # and title: **05-F1** **Bank Reconciliations**

Finding: Testing of cash revealed that the reconciliations for the payroll accounts are still not being performed on a timely basis and the actual reconciliation is not a true reconciliation. The reconciliation basically consists of listing the outstanding checks and the totals are listed as the unreconciled difference. The bank balances are not listed on the reconciliation.

Corrective action planned: True reconciliations of the payroll account will be done on the computer/manually. The balance in the payroll account will be taken care of in the current year.

Person responsible for corrective action:
Elisha Lucas, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254
Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31,2006

Reference # and title: **05-F2** **Test of Rent Reasonableness**

Finding: A sample of ten resident files was chosen to ascertain if comparisons with similar units were obtained and if the administrative policy regarding minimum resident rent is being followed. Six of the files contained no comparisons with similar units. Five of the files tested showed resident rent as zero, but the administrative policy states that the minimum resident rent is $50. Three of the four files containing comparisons had comparisons to units in other parishes, one comparison was approximately 2 months after the HAP contract and one was dated the same day as the HAP contract. One comparison was not dated and another was neither dated nor signed by the preparer.

Corrective action planned: An administrative plan will be devised to ensure comparisons are performed.

Person responsible for corrective action:
Elisha Lucas, Secretary-Treasurer
East Carroll Parish Police Jury
400 First Street
Lake Providence, LA 71254
Phone: (318) 559-2256
Fax: (318) 559-1502

Anticipated completion date: December 31,2006

East Carroll Parish Police Jury

Corrective Action Plan for Current-Year Findings and Questioned Cost
December 31, 2005

Reference # and title: **05-F3** **Test of Tenant Files**

Finding: A total of 27 files were tested and the following exceptions were noted:

- 5 instances where the social security number on the 50058 did not agree to the social security card
- 3 instances where the date of birth on the 50058 did not agree to the date of birth on the birth certificate
- 3 instances in which there was no birth certificate in the resident's file
- 3 instances where the income reported on the 50058 was not verified by a third party
- 4 instances where the 9886 HUD release form was not signed by members of the household over the age of 18
- 1 instance where the food stamp income was included in rent and income calculation
- 2 instances where the inspection date on the 50058 did not agree to the supporting documentation
- 1 instance where the name on the 50058 did not agree to the supporting documentation
- 1 instance where the annual recertification was not done timely
- 1 instance where there was no inspection date on the inspection form
- 1 instance where there was no support for full-time student status in which there was a $480 deduction
- 1 instance where the total resident payment was miscalculated
- 1 instance where the contract rent was not between 90% and 110% of the fair market rent.

Corrective action planned: A random sample of re-certifications will be chosen for review to identify errors.

Person responsible for corrective action:

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

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

Anticipated completion date: December 31,2006

Reference # and title: **05-F4** **Test of Inspections**

Finding: An inspection log was provided which showed the inspections performed by month. The log indicated that all units passed on the initial inspection. This did not appear reasonable. The test of resident files indicated that there were re-inspections for five of the units tested. Those five were chosen to see if the annual inspection was in the file and, if repairs were required, that the repairs were completely timely. In four of the five inspections tested the landlord did not complete the repairs in a timely manner and there was no abatement procedure. The inspection log is not truly indicative of the inspection process.

East Carroll Parish Police Jury

Corrective Action Plan for Current-Year Findings and Questioned Cost
December 31, 2005

Corrective action planned: The inspection log will be redesigned to reflect the actual inspection process with all documentation being available for all inspectors and re-inspections. Payments will not be paid until repairs are completed.

Person responsible for corrective action:

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

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

Anticipated completion date: December 31,2006

Management Letter Items

ALLEN, GREEN & WILLIAMSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 6075
Monroe, LA 71211-6075
2414 Ferrand Street
Monroe, LA 71201
Phone: (318) 388-4422
Fax: (318) 388-4664
Toll-free: (888) 741-0205
www.allengreencpa.com
The CPA. Never Underestimate The Value.℠
Tim Green, CPA
Margie Williamson, CPA
Diane Ferschoff, CPA
Ernest L. Allen, CPA
(Retired)
1963 - 2000

Management Letter

Police Jurors
East Carroll Parish Police Jury
Lake Providence, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit of the Community Action Agency, each major fund, and the aggregate remaining fund information of the East Carroll Parish Police Jury for the year ended December 31, 2005, which collectively comprise the basic financial statements of the Police Jury's primary government, we considered the Police Jury's internal control to plan our auditing procedures for the purpose of forming opinions on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 30, 2006, on the financial statements of the Police Jury. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Management's responses have also been included. We have performed no audit work to verify the content of the responses.

05-M1 Vendor Disbursements

Comment: Testing of vendor disbursements revealed one invoice which was not paid timely, two instances where all invoices were not cancelled as paid and two voided checks where the signature line was not cut out.

Recommendations: The accounts payable personnel should ensure that all invoices are properly cancelled to prevent duplicate payments and voided checks should be marked or damaged in such a way that the voided checks cannot be negotiated.

Management's response: All invoices will be properly cancelled and voided checks will be marked void.

05-M2 Payroll Documentation

Comment: Testing of payroll disbursements revealed that three employees did not sign the time sheets used for the pay period being tested. One employee file did not include employee eligibility in the form of an I-9, social security card or other form of eligibility documentation.

Recommendations: Payroll personnel should require signed time sheets or time cards prior to payment of wages. Personnel files should be reviewed for required eligibility documentation.

Management's response: All supervisors will make sure that timesheets are signed. Human Resources will make sure that all eligibility documentation is in all personnel files.

Also Located in Shreveport, Louisiana
Member: American Institute of Certified Public Accountants, Society of Louisiana Certified Public Accountants and
American Institute of Certified Public Accountants Division for CPA Firms
Equal Opportunity Employer

* * * * *

Included immediately following this letter is a Status of Prior Management Letter Item. This information has not been audited by Allen, Green & Williamson, LLP, and no opinion is expressed. However, we did follow-up on the prior management letter item and performed procedures to assess the reasonableness of the Status of Prior Management Letter Item prepared by Management, and we would report, as a current-year management letter item when Allen, Green & Williamson, LLP, concludes that the Status of Prior Management Letter Item materially misrepresents the status of any prior management letter item.

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

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

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana

June 30, 2006

East Carroll Parish Police Jury
Status of Prior Management Letter Items
December 31, 2005

04-M1 Vendor Expenses Not Paid Timely

Comment: All invoices should be paid timely. Four of the forty invoices tested were not paid timely. During part of the year, only one bookkeeper was working and a new bookkeeper started in June. Invoices were paid timely after new bookkeeper started.

Recommendations: All invoices should be reviewed regularly and paid in a timely manner.

Management's response: The Jury was understaffed for about five months; however invoices are now paid in a timely manner.