

COMPLIANCE, INTERNAL CONTROL AND OTHER GRANT INFORMATION

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Jury Members of the
Natchitoches Parish Police Jury

We have audited the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements covered by our report are free of material misstatement.

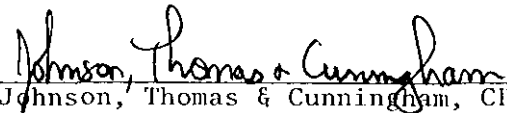
The management of the Natchitoches Parish Police Jury is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies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

In planning and performing our audit of the general purpose financial statements of the Natchitoches Parish Police Jury, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our

auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the primary government 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the use of management, all applicable Federal agencies, and those other governmental units from which financial assistance was received and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Natchitoches Parish Police Jury, is a matter of public record.


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the federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

General requirements:

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

Specific requirements:

- Types of services
- Matching, level of effort
- Reporting
- Special requirements

Claims for advances and reimbursements

- Amounts claimed or used for matching

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

During the year ended December 31, 1995, the Natchitoches Parish Police Jury expended 76.64 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Jury's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Jury's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Separation of Duties

Finding:

The accounting department of the Jury consists of only two employees. This leaves very little opportunity to have a proper separation of duties needed for a strong system of internal control.

Recommendation:

Since the cost of an internal control system should not outweigh the benefits derived from it, we can not recommend that additional personnel be added, and have no recommendation to make in this area.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We consider the above condition to be a material weakness.

This report is intended solely for the use of management, all applicable Federal agencies, and those other governmental units from which financial assistance was received and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Natchitoches Parish Police Jury, is a matter of public record.


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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF PRIMARY GOVERNMENT OR BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Jury Members of the
Natchitoches Parish Police Jury

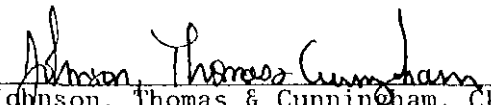
We have audited the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements being audited are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Natchitoches Parish Police Jury is the responsibility of the Jury's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the Jury's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Natchitoches Parish Police Jury, is a matter of public record.


Johnson, Thomas & Cunningham, CPA's

June 24, 1996
Natchitoches, Louisiana

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Jury Members of the
Natchitoches Parish Police Jury

We have audited the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996.

We have applied procedures to test the Natchitoches Parish Police Jury's compliance with the following requirements applicable to its major federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1995:

Political activity
Civil rights
Cash management
Federal financial reports
Allowable costs/cost principles
Administrative Requirements

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

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Natchitoches Parish Police Jury had not complied, in all material respects, with those requirements.

This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from which financial assistance was received. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Natchitoches Parish Police Jury, is a matter of public record.


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Natchitoches, Louisiana

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Jury Members of the
Natchitoches Parish Police Jury

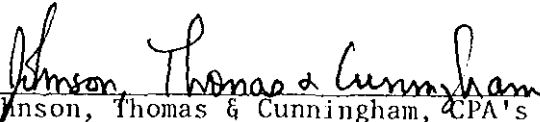
We have audited the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996.

We have also audited the Natchitoches Parish Police Jury's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; reporting; claims for reimbursements; and amounts used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended December 31, 1995. The management of the Natchitoches Parish Police Jury is responsible for the Jury's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

In our opinion, the Natchitoches Parish Police Jury complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching; reporting; claims for reimbursements; and amounts used for matching that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1995.

This report is intended for the information of management, all applicable Federal agencies, and those other governmental units from which financial assistance was received and should not be used for any other purpose. This restriction is not intended to limit distribution of this report, which, upon delivery to the Natchitoches Parish Police Jury, is a matter of public record.


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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Members of the
Natchitoches Parish Police Jury

We have audited the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996.

In connection with our audit of the 1995 primary government financial statements of the Natchitoches Parish Police Jury and with our study and evaluation of the Jury's internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching; reporting; claims for reimbursements, and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Natchitoches Parish Police Jury's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the Natchitoches Parish Police Jury had not complied, in all material respects, with those requirements.

This report is intended for the information of management, applicable Federal agencies, and other governmental agencies from whom financial assistance was received. This restriction is not intended to limit the distribution of this report, which, upon delivery to the Natchitoches Parish Police Jury, is a matter of public record.

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June 24, 1996
Natchitoches, Louisiana

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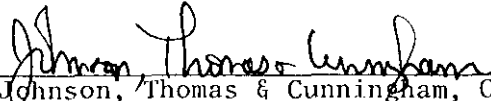
INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
 FEDERAL FINANCIAL ASSISTANCE

To the Members of the
 Natchitoches Parish Police Jury

We have audited the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 24, 1996. These primary government financial statements are the responsibility of the Police Jury's management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

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

Our audit was conducted for the purpose of forming an opinion on the primary government financial statements of the Natchitoches Parish Police Jury, Natchitoches, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the primary government financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.


 Johnson, Thomas & Cunningham, CPA's

June 24, 1996
 Natchitoches, Louisiana