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*Certified Public Accountants*

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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, 1996, and have issued our report thereon dated June 24, 1997.

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 primary government financial statements of the Natchitoches Parish Police Jury, for the year ended December 31, 1996, 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.

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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

#### Payroll

##### Finding:

In our tests of payroll and the related records, we noted several instances where individual employee time sheets were not signed or approved by the appropriate personnel.

##### Recommendation:

Jury policy requires that supervisory personnel approve all time sheets, overtime, pay changes, and vacation leave. We recommend that this policy be more closely adhered to.

##### Response:

Supervisory personnel will be instructed to follow the established policy.

#### General Fixed Assets

##### Finding:

The Jury has a quality system in place to inventory and keep control over general fixed assets. However, the system uses purchase orders to record fixed asset additions. Occasionally, a purchase order is not prepared when an asset is purchased, and the asset is omitted from the fixed asset inventory.

##### Recommendation:

We recommend that Jury policy be extended to require purchase orders for all fixed asset additions, or that the general ledger be used to record fixed asset additions.

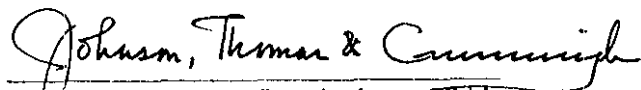
##### Response:

The Treasurer and Purchasing Agent will establish procedures to insure that all fixed asset additions are included in the fixed asset records.

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

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. However, we believe none of the reportable conditions described above is 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.

  
Johnson, Thomas & Cunningham, CPA's

June 24, 1997  
Natchitoches, Louisiana

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## INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING 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, 1996, and have issued our report thereon dated June 24, 1997. We have also audited the Natchitoches Parish Police Jury's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 24, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office Management and Budget (OMB) 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 are free of material misstatement, and about whether the Natchitoches Parish Police Jury complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended December 31, 1996, we considered the Jury's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Jury's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated June 24, 1997.

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, 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, and that 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, 1996, the Natchitoches Parish Police Jury expended 88.03 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.

Federal Financial Reports

Finding:

The general ledgers of the Office of Community Services contain errors that cause the financial reports filed with grantor agencies to be prepared in error.

Recommendation:

The Office of Community Services has a system in place to track requests for funds from preparation to the receipt of the funds. We recommend that this system be used more diligently. In addition, we recommend that the general ledgers be reviewed monthly, and that all expenditure transactions that were recorded erroneously be corrected monthly.

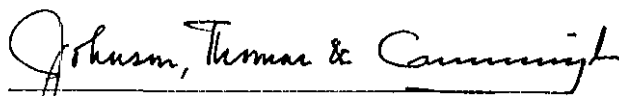
Response:

Accounting personnel will be instructed to institute these procedures.

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.

  
Johnson, Thomas & Cunningham, CPA's

June 24, 1997  
Natchitoches, Louisiana

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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, 1996, and have issued our report thereon dated June 24, 1997.

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*  
Johnson, Thomas & Cunningham, CPA's

June 24, 1997  
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, 1996, and have issued our report thereon dated June 24, 1997.

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, 1996:

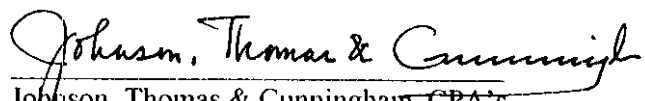
Political activity  
Civil rights  
Cash management  
Federal financial reports  
Allowable costs/cost principles  
Administrative Requirements

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.

  
Johnson, Thomas & Cunningham, CPA's

June 24, 1997  
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, 1996, and have issued our report thereon dated June 24, 1997.

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, 1996. 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, 1996.

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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June 24, 1997

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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, 1996, and have issued our report thereon dated June 24, 1997.

In connection with our audit of the 1996 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, 1996. 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, 1997  
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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, 1996, and have issued our report thereon dated June 24, 1997. 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*  
Johnson, Thomas & Cunningham, CPA's

June 24, 1997  
Natchitoches, Louisiana