

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1996

(1) **Summary of Significant Accounting Policies**

The Caddo Correctional Center ("Center") was created by the Caddo Parish Commission ("Commission") under the provisions of Louisiana Revised Statute 33:1236 providing for the maintenance and operation of a parish prison. The Center's original facility had a maximum capacity of 464 male and female inmates. This facility was located in the southwest portion of the parish on approximately 1,247 acres. Effective February 1995, inmates began moving to the new parish jail. The new jail is a modern correctional facility that has a maximum capacity of 1,017 male and female inmates.

(A) **Reporting Entity**

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

On April 6, 1982, an agreement was reached between the Caddo Parish Sheriff ("Sheriff") and the Commission whereby operations of the Center were transferred from the Commission to the Sheriff. The Sheriff was to operate the facility, maintain accounting records, prepare an annual budget, and prepare financial information for the Commission. The Commission was to maintain the facility. The maintenance and operation of the Center was funded by an ad valorem property tax levied by the Sheriff on the property owners in the Parish of Caddo. Annually, upon mutual agreement by the Sheriff and the Commission, an appropriation was made to provide the funds necessary for the Sheriff to operate the Center. The financial records of the Center are included in the Caddo Parish Commission (governing authority of the parish) Comprehensive Annual Financial Report to comply with generally accepted governmental accounting standards.

In December 1994, a new agreement was reached between the Sheriff and the Commission. In this agreement, the Sheriff will manage and operate the new jail facility. The Sheriff will still maintain accounting records, prepare annual budgets, and prepare financial information for the Commission. The maintenance and operation of the Center is funded by the one-quarter cent sales tax. The Sheriff receives directly all funds generated from any source as a result of operations at the new jail, including concessions, telephones, and grants, all of which are dedicated to the operation of the new jail facility. The Commission receives from the Sheriff a portion of the monies received by the Sheriff from the housing of nonparish prisoners for its maintenance costs of the new jail facility related to these prisoners. This amount is to be negotiated by the Parish Administrator and the Sheriff based on actual maintenance and operating costs.

(Continued)

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Combining Balance Sheet

June 30, 1996

	<u>Inmate Personal Fund</u>	<u>Inmate Welfare Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 41,387	16,019	57,406
Receivable	<u>—</u>	<u>6,186</u>	<u>6,186</u>
	\$ <u>41,387</u>	<u>22,205</u>	<u>63,592</u>
<u>Liability</u>			
Due to others	\$ <u>41,387</u>	<u>22,205</u>	<u>63,592</u>

See accompanying independent auditors' report.

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Notes to the Financial Statements

(9) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to others follows:

	Balance, July 1, <u>1995</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>1996</u>
Agency funds:				
Inmate Personal Fund	\$ 23,161	537,148	518,922	41,387
Inmate Welfare Fund	<u>18,973</u>	<u>62,709</u>	<u>59,477</u>	<u>22,205</u>
Total	\$ <u>42,134</u>	<u>599,857</u>	<u>578,399</u>	<u>63,592</u>

(10) Litigation and Claims

At June 30, 1996, the Center is named as a defendant in several lawsuits. In the opinion of management, sufficient insurance coverage exists to cover these suits.

Accrued claims payable in the amount of \$149,864 have been established for a settlement that is to be paid over the next nine years at approximately \$18,000 per year.

CADDO CORRECTIONAL CENTER
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Notes to the Financial Statements

All Employers

Actuarially determined employer's contribution for 1995	\$ 11,742,869
Total estimated payroll	195,714,482

The Center

Estimated actuarially determined employer's contribution	393,301
Covered payroll	6,555,023
Percentage of Center contribution requirement to total contribution requirement	3.4%
Employer contributions	390,060
Employee contributions	562,828
Percentage of employer contributions to total payroll	6%
Percentage of employee contributions to total payroll	8.7%

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year historical trend information is available in the Sheriffs' Pension and Relief Fund, State of Louisiana separately issued annual report. Historical trend information for 1996, 1995, and 1994 is as follows:

	<u>1996</u>	<u>1995</u>	<u>1994</u>
Percentage of net assets available for benefits to pension benefit obligations	125.5%	88.3%	83.6%
Percentage of unfunded pension benefit obligation to annual covered payroll	36.3%	27.2%	37.9%
Percentage of Sheriff contribution to annual covered payroll	6.0%	5.0%	5.0%

(8) Postretirement Benefits

In addition to the pension benefits described in Note 7, the Center provides certain continuing postretirement health care and life insurance benefits through the Louisiana Sheriffs' Association Group Benefits Plan in accordance with state statutes to all retired employees who were participants of the plan prior to their retirement date. The premiums for retiree health insurance are paid by the Center with life or dependent care premiums being paid by the retiree. The Center recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. The Center's cost of benefits provided to retirees was approximately \$17,268 for 1996.

(Continued)

CADDO CORRECTIONAL CENTER
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Notes to the Financial Statements

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1995. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investments of assets of 8% per annum, (b) projected individual salary increases of 6% with 3.25% attributable to inflation and 2.75% due to merit, and (c) expected death rates from the 1971 Group Annuity Mortality Table.

At June 30, 1995, the date of the latest actuarial valuation, the pension benefit obligation of the System was \$71,200,358 as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits	\$ 152,233,579
Current employees:	
Accumulated employee contributions	82,552,283
Employer-financed vested	71,544,634
Employer-financed nonvested	<u>164,161,404</u>
Total pension benefit obligation	318,258,321
Net assets available for benefits, book value (market value \$427,651,447)	<u>399,291,542</u>
Unfunded pension benefit obligation	\$ <u>71,200,358</u>

The foregoing actuarial assumptions are based upon the presumption that the plans will continue. Were the plans to terminate, different actuarial assumptions and other factors might be applicable in determining the pension benefit obligations.

Significant actuarial assumptions used to compute actuarially determined contribution retirements are the same as those used to compute the pension benefit obligations. The unfunded pension benefit obligation of the System is to be amortized over a forty-year period, with thirty-four years remaining.

(C) Contribution Requirements and Contributions Made

The System's funding policy provides for contributions to be made by the Center and the individual employees participating in the plan as described in (A) above.

The following information has been obtained from the latest actuarial information of the System which was June 30, 1995, except for individual employee (Center) amounts which are estimated based on the Center's payroll as a percentage of the total estimated payroll.

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CADDO CORRECTIONAL CENTER
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Notes to the Financial Statements

All sheriffs and all deputies who are found to be physically fit and who are between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent for each year if total service is at least 12 but less than 15 years, 2.75 percent for each year if total service is at least 15 but less than 20 years, and 3 percent for each year if total service is at least 20 years. In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. 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 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

Funding Sources

Contributions to the System include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff was required to contribute 6% of covered employees salaries in 1996. Covered employees are required to contribute 8.7% of their salary to the System in 1996.

Total Payroll and Amount Contributed

Total 1996 payroll for Center employees covered by the System was \$6,555,023 and the amount contributed by the Center to the System was \$393,301 or 6% of the total covered payroll. Total current year payroll for all Center employees was \$6,762,649.

(B) Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess a plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

(Continued)

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

(4) **Receivables**

The General Fund receivables at June 30, 1996, are as follows:

Sales tax	\$ 702,492
Intergovernmental revenues:	
State funds:	
Housing state prisoners	228,273
Supplemental pay	41,222
Caddo Parish Sheriff	2,155
Caddo Parish Commission	146,829
Telephone revenue	18,559
Commissions for services - commissary sales	5,936
Refunds and reimbursements	<u>14,825</u>
Total	\$ <u>1,160,291</u>

(5) **General Fixed Assets**

A summary of changes in general fixed assets follows:

Balance, July 1, 1995	\$ 1,588,547
Additions - primarily office furnishings and equipment	265,046
Deletions	<u>56,353</u>
Balance, June 30, 1996	\$ <u>1,797,240</u>

(6) **Long-Term Obligations**

A summary of changes in accrued compensation absences and accrued claims follows:

	<u>Claims</u>	<u>Compensated Absences</u>
Balance, July 1, 1995	\$ 125,000	325,184
Net additions	<u>8,278</u>	<u>36,807</u>
Balance, June 30, 1996	\$ <u>133,278</u>	<u>361,991</u>

(7) **Defined Benefit Pension Plan**

(A) **Description of Plan**

Substantially all employees of the Center are members of the Louisiana Sheriffs' Pension and Relief Fund ("System"), a cost-sharing multiple-employer public employee retirement system ("PERS"), controlled and administered by a separate board of trustees.

(Continued)

CADDO CORRECTIONAL CENTER
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Notes to the Financial Statements

General Fund, Fiduciary Fund, General Fixed Assets Account Group, and the General Long-Term Obligations Account Group and are presented for analytical purposes only. The summation includes fund types and account groups that use different basis of accounting. Therefore, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures of the Center.

(2) **Budgetary Data**

The budget is adopted on a cash basis which means that for budgetary purposes revenues and expenditures are recorded in the year received (paid) rather than in the year earned (incurred). Inventory items are also recorded at the time purchased rather than when consumed.

Adjustments necessary to convert the excess of revenues over expenditures at the end of the year on the budgetary basis to a basis consistent with generally accepted accounting principles are as follows:

Excess of revenues over expenditures (cash basis)	\$ 2,107,489
Adjustments:	
Revenue accruals	1,363,318
Expenditure accruals	<u>(1,287,046)</u>
Excess of revenues over expenditures (GAAP basis)	\$ <u>2,183,761</u>

(3) **Cash and Cash Equivalents**

At June 30, 1996, the Center's deposits were entirely insured by federal depository insurance or collateralized with securities held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The carrying value of the Center's deposits was \$1,684,996 and the bank balance was \$2,098,214. The difference is due to the outstanding checks at June 30, 1996.

State statutes generally authorize the Center to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies' (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission.

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CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

(G) Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with the Center are determined by the fund's measurement focus. The General Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, the General Fund is said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Such assets are valued at historical cost, if purchased, and at fair market value at date of gift, if donated. No depreciation has been provided for assets accounted for in the General Fixed Assets Account Group.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the General Fund.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Obligations Account Group.

(H) Compensated Absences

Full-time employees of the Center earn from 10 to 20 days of vacation leave each year depending upon their length of service. Employees resigning or heirs of deceased employees may be paid for unused vacation leave of up to 25 days at their current rate of pay. Sick leave is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The Center accrues costs incurred for vacation leave in the General Long-Term Obligation Account Group. Accrued sick leave benefits are not accrued due to the Center's policy of not paying benefits upon termination. No accrual is made in the General Fund because the current portion of the liability does not exceed a normal year's accumulation of benefits and is deemed immaterial.

(Continued)

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Schedules of Changes in Balances Due to Others

For the year ended June 30, 1996

	Inmate Personal Fund	Inmate Welfare Fund	Total
Balances at beginning of period	\$ <u>23,161</u>	<u>18,973</u>	<u>42,134</u>
Additions:			
Deposits - inmates	536,295	—	536,295
Telephone commissions	—	58,829	58,829
Interest on investments	—	643	643
Other additions	<u>853</u>	<u>3,237</u>	<u>4,090</u>
Total additions	<u>537,148</u>	<u>62,709</u>	<u>599,857</u>
Reductions:			
Accounts closed to inmate welfare fund	2,386	—	2,386
Purchases of personal items	285,764	—	285,764
Subscriptions	—	2,686	2,686
Postage	20,319	—	20,319
Recreational equipment and supplies	—	5,073	5,073
General supplies	—	4,735	4,735
Inmate supplies	—	14,964	14,964
Educational programs	—	17,466	17,466
Building and grounds maintenance	—	1,196	1,196
Refunds to inmates	210,453	—	210,453
Other reductions	<u>—</u>	<u>13,357</u>	<u>13,357</u>
Total reductions	<u>518,922</u>	<u>59,477</u>	<u>578,399</u>
Balances at end of period	\$ <u><u>41,387</u></u>	<u><u>22,205</u></u>	<u><u>63,592</u></u>

See accompanying independent auditors' report.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

The accompanying financial statements present the financial position and results of operations of the Center relating only to the Sheriff's responsibility to operate the Center. These statements do not report the expenditures relating to the maintenance of the Center since it is the Commission's responsibility to maintain the Center, nor do these financial statements present the financial position and results of operations of the Sheriff.

The accounting policies of the Center conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(B) Basis of Presentation

The Center's operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The following fund types and account groups are utilized:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. All governmental funds are accounted for using a current financial resources measurement focus where the focus is upon determination of changes in financial position rather than upon net income determination.

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Center and accounts for the operations of the Center. The Center's primary source of revenue is a 1/4 cent sales tax and appropriations from the Commission and the Sheriff. Other sources of revenue include per diem for housing state prisoners, state supplemental pay for deputies, telephone revenue, and commissary sales. General operating expenditures are paid from this fund.

Agency Funds

Agency Funds are used to account for assets held in a trustee capacity. The Center's Agency Funds are used for the receipt and disbursement of funds for inmates of the Caddo Correctional Center. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

Account groups are used to establish accounting control and accountability for the Center's general fixed assets and general long-term obligations. The General

(Continued)

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

(I) Reservation of Fund Balance

Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use.

(J) Deferred Compensation

Employees of the Center can contribute to a deferred compensation plan established by the Sheriff. The plan is reported as an agency fund in the financial statements of the Sheriff and includes the contributing employees of the Center.

Under the guidelines established in accordance with Internal Revenue Code Section 457, the Sheriff has a deferred compensation plan which is administered by Public Employees Benefit Service Corporation on behalf of all participating employees. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred pay and any income earned on it is not subject to income taxes until actually received by the employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets in the plan remain the property of the Sheriff until paid or made available to participants, subject only to the claims of the Sheriff's general creditors. The participants have no vested interest or secured or preferred position with respect to the assets or have any claim against the Sheriff, except as a general creditor, in an amount equal to the fair market value of the participant's account.

It is the opinion of the Sheriff's legal counsel that the Sheriff is not liable for losses arising from depreciation or shrinkage in the value of any investments acquired under the deferred compensation plan. However, the Sheriff believes it has the duty of due care that would be required of an ordinary prudent investor. The Sheriff also believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

(K) Comparative Total Data

Comparative total data as of June 30, 1995, have been presented in the accompanying combined balance sheet to provide an understanding of changes in the Center's financial position. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

(L) Total Columns

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the combined financial statement line items of the

(Continued)

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

General Fund

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual on a Budgetary Basis

Year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Sales tax revenue	\$ 6,600,000	7,110,358	510,358
Intergovernmental revenues:			
Federal grants - Food Distribution Program	43,000	—	(43,000)
State grants:			
Housing state prisoners	1,900,000	2,418,451	518,451
State supplemental pay	506,000	464,403	(41,597)
Local grants:			
Caddo Parish Commission	1,750,000	2,307,997	557,997
Caddo Parish Sheriff	1,350,000	1,350,000	—
Commissions for services - commissary sales	241,000	289,286	48,286
Telephone revenue	194,000	201,992	7,992
Interest	10,000	31,461	21,461
Miscellaneous	44,000	44,183	183
Total revenues	<u>12,638,000</u>	<u>14,218,131</u>	<u>1,580,131</u>
Expenditures:			
Public safety:			
Personal services and related benefits	8,403,400	8,605,732	(202,332)
Materials and supplies	370,600	446,796	(76,196)
Statutory charges	1,574,000	1,523,583	50,417
Contractual services	890,900	866,165	24,735
Other charges	395,200	454,745	(59,545)
Capital outlay	200,000	220,717	(20,717)
Total expenditures	<u>11,834,100</u>	<u>12,117,738</u>	<u>(283,638)</u>
Excess of revenues over expenditures	803,900	2,100,393	1,296,493
Other financing source - sale of fixed assets	<u>7,500</u>	<u>7,096</u>	<u>(404)</u>
Excess of revenues and other source over expenditures	811,400	2,107,489	1,296,089
Fund balance at beginning of year	<u>332,053</u>	<u>332,053</u>	<u>—</u>
Fund balance at end of year	<u>\$ 1,143,453</u>	<u>2,439,542</u>	<u>1,296,089</u>

See accompanying notes to financial statements.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 1996

Revenues:		
Sales tax		\$ 7,172,012
Intergovernmental revenues:		
State sources:		
Housing state prisoners		2,471,520
State supplemental pay		450,910
Caddo Parish Sheriff		1,350,000
Caddo Parish Commission		2,454,826
Commissions for services - commissary sales		295,222
Telephone revenue		179,567
Interest		31,461
Miscellaneous		44,183
Total revenues		<u>14,449,701</u>
Expenditures:		
Current - public safety:		
Personal services and related benefits		8,610,859
Materials and supplies		440,978
Statutory charges		1,516,154
Contractual charges		855,596
Other charges		582,364
Capital outlay		267,085
Total expenditures		<u>12,273,036</u>
Excess of revenues over expenditures		2,176,665
Other financing source - proceeds from sale of general fixed assets		<u>7,096</u>
Excess of revenues and other financing source over expenditures		2,183,761
Fund balance at beginning of year		<u>332,053</u>
Fund balance at end of year		<u>\$ 2,515,814</u>

See accompanying notes to financial statements.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1996
(with comparative totals for June 30, 1995)

	Governmental Fund Type <u>General Fund</u>	Fiduciary Fund Type <u>Agency Funds</u>	Account Groups		Totals (Memorandum Only)	
			General Fixed Assets	General Long-Term Obligations	<u>1996</u>	<u>1995</u>
<u>Assets and Other Debits</u>						
Cash and cash equivalents	\$ 1,627,590	57,406	—	—	1,684,996	48,564
Receivables	1,160,291	6,186	—	—	1,166,477	953,893
Inventory:						
Commodities	46,823	—	—	—	46,823	24,287
Other	10,344	—	—	—	10,344	33,212
Fixed assets	—	—	1,797,240	—	1,797,240	1,588,547
Amount to be provided for accrued claims	—	—	—	133,278	133,278	125,000
Amount to be provided for accrued compensated absences	—	—	—	361,991	361,991	325,184
Total assets	\$ <u>2,845,048</u>	<u>63,592</u>	<u>1,797,240</u>	<u>495,269</u>	<u>5,201,149</u>	<u>3,098,687</u>
<u>Liabilities, Fund Balance, and Other Credits</u>						
Liabilities:						
Due to Caddo Parish Sheriff \$	—	—	—	—	—	464,000
Accounts payable	234,542	—	—	—	234,542	148,790
Accrued expenses	78,106	—	—	—	78,106	47,979
Due to others	—	63,592	—	—	63,592	42,134
Accrued claims payable	16,586	—	—	133,278	149,864	150,000
Accrued compensated absences	—	—	—	361,991	361,991	325,184
Total liabilities	<u>329,234</u>	<u>63,592</u>	<u>—</u>	<u>495,269</u>	<u>888,095</u>	<u>1,178,087</u>
Fund Balance and Other Credits:						
Investment in general fixed assets	—	—	1,797,240	—	1,797,240	1,588,547
Fund balance:						
Reserved for contingencies	100,000	—	—	—	100,000	100,000
Reserved for inventory	57,167	—	—	—	57,167	57,499
Unreserved - undesignated	2,358,647	—	—	—	2,358,647	174,554
Total fund balance and other credits	<u>2,515,814</u>	<u>—</u>	<u>1,797,240</u>	<u>—</u>	<u>4,313,054</u>	<u>1,920,600</u>
Total liabilities, fund balance, and other credits	\$ <u>2,845,048</u>	<u>63,592</u>	<u>1,797,240</u>	<u>495,269</u>	<u>5,201,149</u>	<u>3,098,687</u>

See accompanying notes to financial statements.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Caddo Correctional Center. 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.

KPMG Peat Marwick LLP

August 23, 1996

KPMG Peat Marwick LLP

1900 Commercial National Tower
333 Texas Street
Shreveport, LA 71101-3692

INDEPENDENT AUDITORS' REPORT

The Honorable Donald E. Hathaway
Caddo Correctional Center
Shreveport, Louisiana:

We have audited the accompanying financial statements of the Caddo Correctional Center, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of Caddo Correctional Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1(A), the accompanying financial statements of the Caddo Correctional Center are intended to present the financial position and results of operations of only that portion of the funds and account groups of the Caddo Parish Sheriff that is attributable to the operations of the Caddo Correctional Center covered in the intergovernmental agreement executed between the Caddo Parish Commission and the Caddo Parish Sheriff.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Correctional Center as of June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 1996, on our consideration of the Caddo Correctional Center's internal control structure and a report dated August 23, 1996, on its compliance with laws and regulations.

KPMG Peat Marwick LLP

1900 Commercial National Tower
333 Texas Street
Shreveport, LA 71101-3692

Independent Auditors' Report on Compliance
Based on an Audit of the Financial Statements Performed
in Accordance with *Government Auditing Standards*

The Honorable Sheriff Donald E. Hathaway
Caddo Correctional Center
Shreveport, Louisiana:

We have audited the financial statements of the Caddo Correctional Center as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with laws, regulations, contracts, and grants applicable to the Caddo Correctional Center is the responsibility of the Caddo Correctional Center's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Caddo Correctional Center's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements 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 herein under *Government Auditing Standards*.

This report is intended for the information of the Caddo Correctional Center, management, the cognizant agency, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

August 23, 1996

a relatively low level the risk that errors or irregularities 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. 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 for the information of the Caddo Correctional Center, management, the cognizant agency, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

August 23, 1996

KPMG Peat Marwick LLP

1900 Commercial National Tower
333 Texas Street
Shreveport, LA 71101-3692

Independent Auditors' Report on the Internal Control Structure
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards*

The Honorable Sheriff Donald E. Hathaway
Caddo Correctional Center
Shreveport, Louisiana:

We have audited the financial statements of the Caddo Correctional Center as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

The management of the Caddo Correctional Center 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 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 financial statements of the Caddo Correctional Center, for the year ended June 30, 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 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

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Financial Statements

June 30, 1996

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CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Financial Statements

June 30, 1996

(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date DEC 18 1996

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

Fixed Assets Account Group is established to account for all fixed assets of the Center. The General Long-Term Obligation Account Group is established to account for all long-term obligations of the Center.

(C) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Expenditures are recognized when the related fund liability is incurred.

The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Intergovernmental revenues and commissions for services are recorded when the Center is entitled to the funds.

Sales taxes in the hands of the intermediary collecting agency are recognized as revenue.

Interest income on time deposits is recorded as earned.

Expenditures

Governmental Fund expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Fiduciary Funds (Agency Funds) use the following practices in recording additions and reductions:

Additions

Additions are generally not susceptible to accrual because they are not measurable until received in cash. However, some additions become measurable before being received and are accrued accordingly.

Reductions

Reductions are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

(Continued)

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

(D) Budgetary Accounting

The Center utilized the following procedures in establishing the budgetary data for the fiscal year ended June 30, 1996, which is reflected in the financial statements:

- (1) During June, the Sheriff's office prepared the proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The proposed budget was then submitted to the Commission for review.
- (3) A public hearing was held on the proposed budget.
- (4) The adopted budget was published in the official journal prior to the commencement of the fiscal year for which the budget was being adopted.
- (5) All budgetary appropriations lapsed at the end of the fiscal year.
- (6) The budget was prepared on the basis of cash estimates which meant that for budgetary purposes revenues were budgeted in the year of receipt rather than the year earned, and expenditures were budgeted in the year paid rather than in the year incurred. Inventory purchases were recorded as expenditures at the time of purchase rather than under the consumption method. Expenditures may not legally exceed appropriations on a fund basis.

(E) Encumbrances and Budget

Encumbrance accounting is not used. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

(F) Inventory

Inventory consists of commodities, dietary, and commissary items. Commodities are valued at unit prices established by the United States Department of Agriculture. Other inventories are valued at cost. All inventories are recorded as expenditures under the consumption method using the first-in, first-out cost method.

Reported inventory is equally offset by a fund balance reserve that indicates that this portion of fund balance does not constitute available spendable resources even though it is a component of net current assets.

(Continued)