



**CAJON CONSTRUCTION CENTER**  
 Shreveport, Louisiana

Financial Statements

June 30, 1987

(With Independent Auditors' Report Thereon)

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

Release Date: SEP 2 1988

CAJON CORRECTIONAL CENTER  
Shreveport, Louisiana

Financial Statements

June 30, 1997

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**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 for financial reporting purposes, as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of the Caddo Parish Sheriff'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, 1997, 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 October 3, 1997, on our consideration of the Caddo Correctional Center's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

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*

October 3, 1997

CHILDHOOD CORRECTIONAL CENTER  
Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1992

(With comparative totals for June 30, 1991)

	Governmental Fund Type General Fund	Industry Fund Type Agency Fund	Account Groups		Totals	
			General Fund Assets	General Long-Term Liabilities	1992	1991
<b>Assets and Other Credits</b>						
Cash and cash equivalents	\$ 1,366,890	58,786	—	—	2,203,678	1,684,936
Receivables	1,236,207	12,908	—	—	1,348,707	1,160,471
Inventory:						
Commodities	—	—	—	—	—	48,875
Other	48,791	—	—	—	48,791	18,741
Fixed assets	—	—	1,851,325	—	1,997,729	3,293,780
Amounts to be provided for accrued claims	—	—	—	115,184	115,184	173,278
Amounts to be provided for accrued compensated absences	—	—	—	492,136	492,136	381,893
<b>Total assets</b>	<b>\$ 3,451,488</b>	<b>49,786</b>	<b>1,997,729</b>	<b>607,320</b>	<b>6,065,792</b>	<b>7,533,147</b>
<b>Liabilities, Fund Balance, and Other Credits</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 309,748	—	—	—	309,748	234,747
Accrued expenses	111,191	—	—	—	111,191	78,186
Due to others	—	49,286	—	—	49,286	63,582
Accrued claims payable	18,174	—	—	—	18,174	149,884
Accrued compensated absences	—	—	—	492,136	492,136	351,951
<b>Total liabilities</b>	<b>438,113</b>	<b>49,286</b>	<b>—</b>	<b>492,136</b>	<b>1,085,629</b>	<b>868,351</b>
<b>Fund Balance and Other Credits:</b>						
Investment in general fixed assets	—	—	1,997,729	—	1,997,729	1,930,249
<b>Fund balance:</b>						
Reserved for contingencies	—	—	—	—	—	189,808
Reserved for inventory	48,791	—	—	—	48,791	51,263
Unreserved - undesignated	2,863,984	—	—	—	2,863,984	2,328,687
<b>Total fund balance and other credits</b>	<b>2,912,775</b>	<b>—</b>	<b>1,997,729</b>	<b>—</b>	<b>4,910,704</b>	<b>6,664,854</b>
<b>Total liabilities, fund balance, and other credits</b>	<b>\$ 3,451,488</b>	<b>49,786</b>	<b>1,997,729</b>	<b>607,320</b>	<b>6,065,792</b>	<b>7,533,147</b>

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, 1997  
(with comparative amounts for the year ended June 30, 1996)

	1997	1996
<b>Revenues:</b>		
Sales tax	\$ 7,850,214	7,072,012
Intergovernmental revenues:		
State income:		
Grants	48,578	29,500
Housing state prisoners	2,482,134	2,471,520
State supplemental pay	685,947	490,810
Caddo Parish Sheriff	631,998	1,390,000
Caddo Parish Commission	2,177,901	2,454,876
Commissions for services - commissary sales	80,811	185,222
Telephone revenue	222,294	178,567
Interest	189,671	31,461
Miscellaneous	38,739	61,383
Total revenues	<u>11,491,088</u>	<u>14,479,291</u>
<b>Expenditures:</b>		
Current - public safety:		
Personal services and related benefits	9,335,988	8,693,899
Materials and supplies	443,598	446,978
Statutory charges	1,241,387	1,238,154
Contractual charges	982,437	823,246
Other charges	673,659	611,864
Capital outlay	219,682	261,685
Total expenditures	<u>12,899,291</u>	<u>12,302,336</u>
Excess of revenues over expenditures	891,797	2,176,955
Other financing source - proceeds from sale of general fixed assets	<u>14,733</u>	<u>3,066</u>
Excess of revenues and other financing source over expenditures	906,530	2,180,021
Fund balance at beginning of year	<u>2,513,814</u>	<u>332,053</u>
Fund balance at end of year	<u>\$ 3,012,313</u>	<u>2,515,814</u>

See accompanying notes to financial statements.

**CRISIS-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, 1997  
(with annual comparative amounts for the year ended June 30, 1996)

	1997		Variance - Favorable (Adverse)	1996	
	Budget	Actual		Actual	Actual
<b>Revenues:</b>					
Sales tax received	\$ 7,000,000	6,976,594	(23,406)	7,118,938	
Intergovernmental receipts:					
State grants:					
Revolving state prisoners	3,300,000	3,306,569	6,569	3,418,438	
State supply contract pay	600,000	591,583	(8,417)	584,400	
State Training Maintenance	—	44,078	44,078	—	
Local grants:					
Caddo Parish Commission	1,200,000	1,151,570	(48,430)	1,187,900	
Caddo Parish Sheriff	400,000	545,000	145,000	1,150,000	
Commissions for services - commissary sales	600,000	711,178	111,178	789,386	
Telephone revenue	110,000	203,553	93,553	281,990	
Interest	15,000	181,671	166,671	21,441	
Miscellaneous	40,000	38,778	(1,222)	44,183	
Total revenues	<u>12,405,000</u>	<u>11,588,332</u>	<u>(816,668)</u>	<u>14,208,138</u>	
<b>Expenditures:</b>					
Public safety:					
Personal services and related benefits	5,100,000	4,921,893	(178,107)	5,693,700	
Materials and supplies	450,000	541,291	91,291	550,796	
Contract charges	1,470,000	1,499,587	29,587	1,523,583	
Contracted services	1,015,000	961,548	(53,452)	866,140	
Other charges	411,000	491,000	80,000	454,240	
Capital outlay	398,000	448,121	50,121	220,211	
Total expenditures	<u>11,674,000</u>	<u>11,823,380</u>	<u>149,380</u>	<u>12,212,660</u>	
Excess of revenues over expenditures	5,000	965,952	960,952	3,996,478	
Other financing sources - sale of Excesses	—	3,000	3,000	—	
Excess of revenues and other financing sources over expenditures	15,000	968,952	953,952	3,996,478	
Fund balance at beginning of year	—	2,915,816	—	301,800	
Fund balance at end of year	\$ 1,598,316	<u>3,884,768</u>	<u>886,452</u>	<u>3,498,278</u>	

See accompanying notes to financial statements.

**CAJADO CORRECTIONAL CENTER**  
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1993

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

The Cajado Correctional Center ("Center") was created by the Calde Parish Commission ("Commission") under the provisions of Louisiana Revised Statute 33:1236 providing for the maintenance and operation of a parish prison. The jail is a modern correctional facility that has a maximum capacity of 1,070 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.

In accordance with an agreement reached between the Sheriff and the Commission, the Sheriff manages and operates the jail facility. The Sheriff also maintains accounting records, prepares annual budgets, and prepares financial information. 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 jail, including concessions, telephones, and grants, all of which are dedicated to the operation of the 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 jail facility related to these prisoners. This amount is to be regulated by the Parish Administrator and the Sheriff based on actual maintenance and operating costs. 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 or 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 most significant policies:

*(Continued)*

**CADDO CORRECTIONAL CENTER**  
 Shreveport, Louisiana

Notes to the Financial Statements

**(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. The General Fund is accounted for as a spending or "fiscal flow" measurement device. 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 used to present a summary of sources and uses of "available spendable resources" during a period.

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 10% rent 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 trust 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 measurements 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 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.

(Continued)



**CADDO CORRECTIONAL CENTER**  
 Shreveport, Louisiana

**Notes to the Financial Statements**

**(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 basis 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.

Substantially all other revenues are recorded when received.

**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.

CAJDO CONVENTIONAL 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, 1997, 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) A public hearing was held on the proposed budget.
- (3) The adopted budget was published in the official journal prior to the commencement of the fiscal year for which the budget was being adopted.
- (4) All budgetary appropriations lapsed at the end of the fiscal year.
- (5) The budget was prepared on the basis of cash estimates which mean 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 dietary items. Inventory is valued at cost. Inventory is 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.

CAJADO 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 where the focus is upon determination of changes in financial position rather than upon net income determination.

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 retirement 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 being laid-off/terminated may be paid for unused vacation leave 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.

CALDO CORRECTIONAL CENTER  
Surreyport, Louisiana

Notes to the Financial Statements

(I) Reservations of Fund Balance

Reserves represent those portions of fund balance not appropriate for expenditures 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 Health 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 accrued 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) Claims and Judgments

Claims and judgments are recorded as expenditures in governmental funds for the amount that will be liquidated with current available financial resources. The remainder of any liability is recorded in the General Long-Term Obligations Account Group.

(L) Comparative Total Data

Comparative total data as of June 30, 1996, have been presented in the accompanying combined balance sheet and statement of revenues, expenditures, and changes in fund balance 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.

(Continued)

**CADDO CORRECTIONAL CENTER**  
 Shreveport, Louisiana

**Notes to the Financial Statements**

**(M) Total Columns**

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

**(N) 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.

Revisions made to the original General Fund expenditures budget was as follows:

	Original Budget	Total Estimate	Revised Budget
General Fund	\$ 12,463,000	394,000	12,857,000

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)		\$ 538,313
Net revenue and expenditure accounts		____173,550
Excess of revenues over expenditures (GAAP basis)		\$ 364,763

**(O) Cash and Cash Equivalents**

All deposits of the Center are held by local financial institutions. At June 30, 1997, the Center's deposits were entirely insured by federal depository insurance or collateralized by securities with market values exceeding the amount on deposit. Collateral securities were 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 \$1,174,390 and the bank balance was \$1,533,371. The difference is due to the outstanding checks at June 30, 1997.

(Continued)

**CADDO CORRECTIONAL CENTER**  
Shreveport, Louisiana

*Notes to the Financial Statements*

Local governmental entities in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. (LAMPI), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local governmental investment pool. At June 30, 1997, the Caddo had \$1,029,348 in investments with the Louisiana Asset Management Pool. These investments are treated as mutual funds and are considered cash equivalents.

**(4) Receivables**

The General Fund receivables at June 30, 1997, are as follows:

Sales tax	\$ 736,109
Intergovernmental revenues:	
State funds:	
Housing state prisoners	183,851
Supplemental pay	52,583
Caddo Parish Sheriff	3,155
Caddo Parish Commission	170,692
Telephone revenue	37,500
Commissions for services - commissary	8,818
Refunds and reimbursements	<u>4,500</u>
<b>Total</b>	<b>\$ 1,236,507</b>

**(5) General Fixed Assets**

A summary of changes in general fixed assets follows:

Balance, July 1, 1996	\$ 1,793,249
Additions - primarily office furnishings, equipment and software	218,525
Deletions	<u>38,049</u>
Balance, June 30, 1997	<b>\$ 1,973,725</b>

**(6) Long-Term Obligations**

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

	<u>Claims</u>	<u>Compensated Absences</u>
Balance, July 1, 1996	\$ 133,278	361,991
Net change	<u>108,179</u>	<u>130,145</u>
Balance, June 30, 1997	<b>\$ 241,457</b>	<b>492,136</b>

(Continued)

**CADDO CORRECTIONAL CENTER**  
Shreveport, Louisiana

Notes to the Financial Statements

**(7) Defined Benefit Pension Plan**

In 1997, the Center adopted the provisions of Governmental Accounting Standards Board No. 27, Accounting for Pensions by State and Local Governmental Employees (GASB 27). This statement establishes standards for the measurement, recognition, and display of pension expenditures/expenses and related liabilities, assets, note disclosures, and required supplementary information.

**(A) Description of Plan**

The Center provides retirement, death, and disability benefits to substantially all of its employees through the Louisiana Sheriff's Pension and Relief Fund ("System"), a cost-sharing multiple-employer public employee statewide retirement system ("PERS"), controlled and administered by a separate board of trustees. 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.

**(B) Funding Status and Progress**

Benefit provisions are established in accordance with Louisiana State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Sheriff's Pension and Relief Fund of Louisiana, P.O. Box 3163, Monroe, LA 71210-3163.

**Funding Policy**

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 10:103, the employee 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. Covered employees were required to contribute 0.7%, 0.7%, and 1% of their salary for the years ending June 30, 1997, 1998, and 1999 respectively. The Center was required to contribute 6%, 6%, and 5% of covered employees' salaries for the years ending June 30, 1997, 1998, and 1999 were \$403,381, \$335,500, and \$147,889, respectively, equal to the required contributions for each year. In accordance with GASB 27, the pension liability was determined to be zero. Prior to adoption of GASB 27, the Center did not report a pension liability for the System.

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**CADDOCTERIOLOGICAL CENTER**  
Shreveport, Louisiana

Notes to the Financial Statements

**(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 Sheriff's Association Group-Termit Plan in accordance with state statute 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 expense on a pay-as-you-go basis when the monthly premiums are due. At June 30, 1997, there were health retirees receiving benefits. The Center's cost of benefits provided to retirees was approximately \$22,584 for 1997.

**(9) Changes in Agency Fund Balances**

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

	Balance, July 1, 1996	Additions	Deductions	Balance, June 30, 1997
Agency funds:				
Jurassic Personal Fund	\$ 41,583	712,423	728,399	26,614
Jurassic Welfare Fund	22,289	82,234	82,848	22,675
Total	\$ 63,872	794,657	(812,247)	\$ 49,286

**(10) Litigation, Claims, and Risk Management**

**Litigation**

At June 30, 1997, the Center is named as a defendant in several lawsuits. In the opinion of management, sufficient insurance coverage exists to cover these suits and resolution of these matters will not have a material adverse effect on the financial condition of the Center.

**Claims**

Accrued claims payable in the amount of \$133,278 have been established for a settlement that is to be paid over the next eight years at approximately \$16,660 per year.

**Risk Management**

The Center is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, and errors and omissions. These risks are handled by the Center through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year covered and no claims exceeded the Center's insurance coverage for each of the past three years.



CAJADO CORRECTIONAL CENTER  
Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Combining Balance Sheet

June 30, 1997

	Inmate Personal Fund	Inmate Welfare Fund	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 24,411	12,225	36,636
Receivable	—	12,290	12,290
	\$ <u>24,411</u>	<u>24,515</u>	<u>48,926</u>
<i>Liability</i>			
Due to others	\$ <u>24,411</u>	<u>24,515</u>	<u>48,926</u>

See accompanying independent auditors' report.

**CADIX CORRECTIONAL CENTER**  
Shreveport, Louisiana

Voluntary Funds - Agency Funds

Schedules of Changes in Balances Due to Others

For the year ended June 30, 1997

	Inmate Personal Fund	Inmate Welfare Fund	Total
Balance at beginning of period	\$ 44,882	22,205	67,087
<b>Additions:</b>			
Deposits - inmates	712,423	—	712,423
Telephone contributions	—	80,648	80,648
Interest on investments	—	292	292
Other additions	—	4,282	4,282
Total additions	712,423	85,222	797,645
<b>Reductions:</b>			
Accounts closed to inmate welfare fund	1,380	—	1,380
Purchases of personal items	426,079	—	426,079
Subscriptions	—	2,543	2,543
General supplies	—	13,534	13,534
Inmate supplies	—	15,328	15,328
Educational programs	—	8,998	8,998
Refunds to inmates	248,774	—	248,774
Other reductions	38,306	12,401	50,707
Total reductions	718,299	42,844	761,143
Balance at end of period	\$ 24,111	24,872	48,983

See accompanying independent auditors' report.

**Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

The Honorable Donald E. Hathaway  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited the financial statements of the Caddo Correctional Center ("the Center") as of and for the year ended June 30, 1997, and have issued our report thereon dated October 3, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in accounts 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 over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported in the Sheriff in a separate letter dated October 3, 1997.

This report is intended for the information of the Caddo Correctional Center's management, the State of Louisiana Legislative Auditor, and federal auditing agencies. However, this report is a matter of public record and its disclosure is not limited.

*KPMG Peat Marwick LLP*

October 3, 1997

October 3, 1997

**CONFIDENTIAL**

The Honorable Sheriff Donald E. Holaway  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited the financial statements of the Caddo Parish Sheriff, Caddo Correctional Center, and Caddo Parish Tax Collector as of and for the year ended June 30, 1997, and have issued our report thereon dated October 3, 1997. In planning and performing our audits of the financial statements, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We have not considered internal control since the date of our report.

During our audits, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

**CADDO PARISH SHERIFF**

**FEDERAL GRANTS**

**Observation** — As noted in the prior year, the administration of federal grants is very decentralized. The individual responsible for monitoring the federal grants is not a part of the accounting department.

**Recommendation and Benefit** — It would be beneficial for the accounting department to participate in reviewing all grant expenditures and reimbursement requests. Controls should be implemented to ensure that accounting personnel are involved in the administration and accounting for all grants so that accounting records are complete and accurate.



#### OPERATING BUDGET

**Observation** — When comparing the approved operating budget to the annual budget shown on the income statements, we noted that revenue shown in the income statement did not agree to the approved operating budget by \$580. The general ledger budget amounts were not updated when the budget was amended.

**Recommendation and Benefit** — Although the amount was not material in this instance, we recommended that management agree the approved operating budget to the annual budget on the financial statements after every budget amendment is approved. This will ensure that the proper budget amounts are being utilized upon when the appropriate levels of management review the financial statements.

#### FINANCIAL REPORTS

**Observation** — During our review of the payroll and fixed asset areas, we noted that your personnel were unable to utilize the new accounting software to produce reliable and accurate reports. In the case of fixed assets, reports could not be generated and the client had to resort to using the old software to obtain a fixed asset report that could be utilized for the audit.

**Recommendation and Benefit** — We recommended that the accounting department work closely with the programmers to correct any current programming errors and to ensure that proper financial information can be created using the current software.

#### TAX COLLECTOR

**Observation** — During our audit procedures, we noted the following related to the Tax Collector:

- In March 1987, the Director of Tax Collections resigned and management has not filled the position. During this time since the resignation, the Director's duties have been performed by certain members of management and the Internal Auditor, which has taken time away from their other duties.
- The new computer system implemented in the tax department had some apparent programming problems that prevented the generation of financial statements at the end of the year. When distributions were made, rather than posting the distribution amounts to expense accounts, the system would charge the revenue accounts, causing the distribution to reverse the contribution amounts. This situation appears to have remained undetected for an extended period and resulted in a considerable amount of work by the Internal Auditor to generate financial statements using Excel spreadsheets which were utilized to perform our audit.

The Honorable Sheriff Donald E. Hathaway  
Caddo Parish Sheriff  
October 3, 1988  
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**Recommendation and Benefit** — We understand that the Sheriff's Office is being very selective in their review of candidates for the Director's position. A qualified person with a strong accounting background and good communication skills are essential for this position. We recommend that management fill the position as soon as possible and the Comptroller have an increased role in control over the department once a Director is hired. The Comptroller should ensure that there are adequate service and supervisory functions in place to prevent future problems.

\* \* \* \* \*

Our procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We also, however, to use our knowledge of the above named entities gained during our work to make comments and suggestions that we hope will be useful to you.

We would like to take this opportunity to thank the personnel of the Caddo Parish Sheriff, Caddo Correctional Center, and Caddo Parish Tax Collector for their cooperation and assistance during the course of our audit.

This report is intended solely for the information and use of the Caddo Parish Sheriff, Caddo Correctional Center, Caddo Parish Tax Collector, management, State of Louisiana Legislative Auditor, and Federal agencies. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

*Kenneth Robert Morrison, CPA*