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CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Financial Statements

June 30, 1958

(With Independent Auditor's 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 Bureau of Finance of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Printed in Louisiana
Revised Date.....1958

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

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KPMG Peat Marwick LLP

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200, New Orleans,
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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, 1998, as listed in the accompanying 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 the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. These 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 accounts 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 15A, 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, 1998, 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 September 23, 1998, on our consideration of the Caddo Correctional Center's internal control over financial reporting and on our tests 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 prepared 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

September 23, 1998

CADDO CORRECTIONAL CENTER
 Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1988
 (with comparative totals for June 30, 1987)

	Governmental Fund Type (General Fund)	Proprietary Fund Type (Fund)	Account Groups		Totals	
			General Fund Assets	General Long-Term Liabilities	Major Fund	Minor Fund
Assets and Other (Debit)						
Cash and other equivalents	\$ 2,863,894	44,896	-	-	1,197,460	1,208,756
Receivables	1,711,480	6,240	-	-	1,819,708	1,826,000
Inventory						
Other	36,778	-	-	-	36,778	48,348
Fund assets	-	-	2,863,878	-	2,863,478	1,957,756
Amount to be provided for accrued interest	-	-	-	96,908	96,908	107,084
Amount to be provided for accrued compensated absences	-	-	-	218,911	218,911	231,126
Total assets	\$ 4,612,152	51,136	2,863,878	376,819	7,421,113	6,262,170
Liabilities, Fund Balances and Other Credits						
Liabilities:						
Accounts payable	\$ 471,362	-	-	-	162,080	169,798
Accrued expenses	141,368	-	-	-	40,848	107,093
Due to others	-	28,856	-	-	38,456	49,286
Accrued claims payable	18,174	-	-	96,908	111,364	133,778
Accrued compensated absences	-	-	-	218,911	218,911	231,126
Total liabilities	679,904	28,856	-	315,819	1,071,619	1,091,071
Fund Balances and Other Credits:						
Investments in general fund assets	-	-	2,863,478	-	2,863,478	1,957,756
Fund Balances:						
Reserved for inventory	36,778	-	-	-	36,778	48,348
Unassigned - unexpended	4,237,915	-	-	-	4,237,915	2,863,983
Total fund balance and other credits	4,274,693	-	2,863,478	-	6,441,171	4,979,087
Total liabilities, fund balances and other credits	\$ 4,612,152	51,136	2,863,878	376,819	7,421,113	6,262,170

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, 1998
(with comparative amounts for the year ended June 30, 1997)

	1998	1997
Revenues:		
Sales tax	\$ 7,644,467	7,898,291
Intergovernmental revenues		
State revenues:		
Grants	77,981	48,778
Funding state program	2,029,347	2,482,134
State supplemental pay	629,793	604,997
Caddo Parish Sheriff	973,680	611,998
Caddo Parish Commission	2,736,146	2,177,528
Commissions for services - commodity sales	94,174	86,951
Telephone revenues	225,486	227,294
Interest	187,257	183,871
Miscellaneous	89,267	78,208
Total revenues	14,289,184	13,681,082
Expenditures:		
Contract - public safety	8,545,371	9,111,948
Personal services and related benefits	471,944	449,508
Materials and supplies	1,501,889	1,541,337
Auxiliary charges	1,011,884	987,457
Contractual charges	78,128	477,859
Other charges	144,711	219,842
Capital outlay	15,779,818	15,899,286
Total expenditures	18,584,746	18,688,237
Excess of revenues over expenditures		482,845
Other financing source - proceeds from sale of general fund assets	1,473	11,273
Excess of revenues and other financing source over expenditures	1,271,619	494,118
Fund balance at beginning of year	2,041,172	2,245,884
Fund balance at end of year	\$ 4,284,292	3,012,731

See accompanying notes to Financial Statements.

CADDO CORRECTIONAL CENTER
 Monroeport, Louisiana

General Fund

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

Year ended June 30, 1998

(with actual comparison amounts for the year ended June 30, 1997)

	1998		1997	
	Budget	Actual	Variance - Favorable (Adverse)	Actual
Revenues:				
State tax revenue	\$ 2,700,000	2,331,418	(368,582)	2,776,291
Intergovernmental revenues				
State grants:				
Housing State prisoners	2,000,000	2,170,689	170,689	2,526,260
State supplemental pay	400,000	441,523	41,523	549,580
State Training Reimbursement	-	28,881	28,881	44,878
Local grants:				
Caddo Parish Commission	1,960,000	2,281,963	321,963	2,110,670
Caddo Parish Sheriff	951,000	979,880	-	941,299
Commission for services - supervisory pay	75,000	70,201	(4,799)	77,119
Telephone service	221,000	270,188	49,188	268,143
Interest	70,000	187,207	117,207	190,679
Miscellaneous	40,000	87,689	47,689	78,720
Total revenue	11,770,000	11,927,742	157,742	11,750,147
Expenditures:				
Public safety:				
Personnel services and related benefits	9,844,000	9,410,147	433,853	9,301,908
Materials and supplies	438,000	458,594	(20,594)	441,791
Security charges	1,204,000	1,241,827	(37,827)	1,491,600
Contracted services	991,000	1,080,889	(89,889)	963,600
Other charges	481,000	483,147	(2,147)	493,951
Capital outlay	100,000	74,107	25,893	188,113
Total expenditures	12,058,000	12,698,711	(640,711)	12,611,082
Excess (deficiency) of revenues over expenditures	(178,000)	828,931	1,006,931	911,141
Other financing source - sale of fixed asset	28,000	2,171	(25,829)	14,711
Excess (deficiency) of revenues and other financing source over expenditures	(150,000)	831,102	1,001,102	925,852
Fund balance at beginning of year	3,013,713	3,041,173	-	3,114,214
Fund balance at end of year	\$ 2,863,713	2,872,275	(91,438)	3,040,066

See accompanying notes to financial statements.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(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 31:1216 providing for the maintenance and operation of a parish prison. The jail is a modern correctional facility that has a maximum capacity of 1,878 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. Through December 31, 1997, the Commission received from the Sheriff a portion of the amount received by the Sheriff from the housing of nonparish prisoners for its maintenance costs of the jail facility related to these prisoners. This amount was negotiated by the Parish Administrator and the Sheriff based on actual maintenance and operating costs. Effective January 1, 1998, this financial arrangement between the Sheriff and Parish Administrator ended. No other financial arrangement has been negotiated between the Sheriff and Parish Administrator. 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 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:

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

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 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 spending 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 revenues is a 1/10 cent sales tax and appropriations from the Commission and the Sheriff. Other sources of revenue include pay slips 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 fund assets and general long-term obligations. The General Fund 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 measurement 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.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

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 held by the intermediary collecting agency are recognized as revenues.

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 measurable in 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.

(3) Budgetary Accounting

The Center utilized the following procedures in establishing the budgetary data for the fiscal year ended June 30, 1998, 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.

CADDO CORRECTIONAL CENTER
Bossierport, Louisiana

Notes to the Financial Statements

June 30, 1998

- (C) All budgetary appropriations lapse at the end of the fiscal year.
- (D) 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) Encumbrance 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.

(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 when 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 fund 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 reported in the financial 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 management of financial position. They are not involved with management of results of operations.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

Because of their spending measurement basis, expenditure recognition for governmental fund types is limited to include 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.

(7) Compensated Absence

Full-time employees of the Center earn from 30 to 38 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 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 Obligations Account Group. Annual 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.

(8) Reservations of Fund Balance

Reserves represent those portions of fund balance not appropriate for expenditures or legally obligated for a specific future use.

(9) 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.

(10) Comparative Total Data

Comparative total data as of June 30, 1997, 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 overly complex and difficult to read.

(11) Total Columns

Amounts in the "Totals (Memorandum Only)" column of the financial statements represent a summation of the combined financial statement line items of the General Fund, Fiduciary Fund, General Fund Assets Account Group, and the General Long-Term Obligations Account Group and are presented for analytical purposes only. The summation includes fund types and

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

account groups that use different bases 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.

(1) Budgetary Basis

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 nature 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:

Balance of revenues over expenditures (cash basis)	\$ 980,093
Accrual of expenses at June 30, 1998	(320,844)
Accrual of expenses at June 30, 1997	414,235
Accrual of sales tax and other revenue at June 30, 1998	1,511,488
Accrual of sales tax and other revenue at June 30, 1997	(1,234,812)
Net revenue and expenditure accounts	771,720
Balance of revenues over expenditures (GAAP basis)	\$ 1,271,918

(2) Cash and Cash Equivalents

All deposits of the Center are held by state financial institutions. At June 30, 1998, 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 normally acceptable to bank parties. The carrying value of the Center's deposits was \$1,489,667 and the bank balance was \$1,898,780. The difference is due to the outstanding checks at June 30, 1998.

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 government investment pool. LAMP is not registered with the SEC as an investment company. LAMP is subject to the regulatory oversight of the state treasurer and its board of directors and may only invest in securities permissible under state statutes for municipalities and parishes. The fair value of the position in the pool approximates the value of the pool shares. At June 30, 1998, the Center had \$1,617,793 in investments with the Louisiana Asset Management Pool. These investments are treated as mutual funds and are considered cash equivalents for financial reporting purposes.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(4) Receivables

The General Fund receivables at June 30, 1998, are as follows:

Sales tax	\$	812,148
Intergovernmental revenues:		
State funds:		
Billing state prisons	191,589	
Supplemental pay	58,825	
Caddo Parish Commission - inmate reimburse	405,214	
Telephone returns	17,180	
Commissions for services - secondary	9,011	
Refunds and reimbursements	<u>5,122</u>	
Total	\$	<u>1,511,086</u>

(5) General Fixed Assets

A summary of changes in general fixed assets follows:

Balance, July 1, 1997	\$	1,857,720
Additions - primarily office furnishings, equipment and software	144,334	
Deletions	<u>38,561</u>	
Balance, June 30, 1998	\$	<u>2,863,493</u>

(6) Long-Term Obligations

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

	<u>Claims</u>	<u>Compensated Absences</u>
Balance, July 1, 1997	\$ 112,004	492,136
Net change	<u>(18,774)</u>	<u>88,785</u>
Balance, June 30, 1998	\$ <u>93,230</u>	<u>580,921</u>

CALISHO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(7) Defined Benefit Pension Plan

(A) Description of Plan

The Center provides retirement, death, and disability benefits to substantially all of its employees through the Sheriff's Pension and Relief Fund of Louisiana ("System"), a contributing multiple-employer public employee statewide retirement system (TERS), controlled and administered by a separate board of trustees. All sheriffs and all deputies who are found to be physically fit 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 2163, Monroe, LA 71202-2163.

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 11:105, 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. Covered employees were required to contribute 0.7% of their salary for the years ending June 30, 1998, 1997, and 1996. The Center was required to contribute 5%, 6%, and 6% of covered employees' salaries for the years ending June 30, 1998, 1997, and 1996, respectively. The Center's contributions for the years ending June 30, 1998, 1997, and 1996 were \$263,697, \$429,581, and \$193,304, respectively, equal to the required contribution 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.

(B) 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 Benefits 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 expenditure on a pay-as-you-go basis when the monthly premiums are due. At June 30, 1998, there were 17696 retirees receiving benefits. The Center's cost of benefits provided to retirees was approximately \$29,180 for 1998.

CALIBO CONSTRUCTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(9) Changes in Agency Fund Balances

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

	<u>Balance</u> <u>July 1,</u> <u>1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>1998</u>
Agency funds:				
Inmate Personal Fund	\$ 24,411	718,080	752,939	21,552
Inmate Welfare Fund	24,875	68,784	68,995	24,784
Total	\$ 49,286	\$28,264	\$18,934	\$5,656

(10) Litigation, Claims, and Risk Management

Litigation

At June 30, 1998, 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 remaining amount of \$113,104 have been established for a settlement that is to be paid over the next six years at approximately \$18,850 per year.

Risk Management

The Center is exposed to various risks of loss related to theft, 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 provisions based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year occurred and no claims exceeded the Center's insurance coverage for each of the past three years.

(11) Year 2000 Computer Issues (Unclassified)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. The Center's computer programs and certain hardware that uses time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations that could affect services. The Center believes that with modifications to existing software and conversions to new software, the Year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, the Year 2000 issue could have a material impact on the operations of the Center.

CAJADO CORRECTIONAL CENTER
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1968

The Center has initiated the process of preparing its computer systems and applications for the year 1969. The Center expects to incur internal staff costs as well as external consulting and other expenses to prepare the systems for the year 1969. However, there can be no assurance that the systems of vendors or other governmental agencies, on which the Center's systems rely, will be timely completed or that any such failure is covered by another company or governmental entity would not have an adverse effect on the Center's systems.

CADDO CATHEDRAL CENTER
 Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Combining Balance Sheet

June 30, 1998

Assets	Female Personal Fund	Female Welfare Fund	Total
Cash and cash equivalents	\$ 21,853	22,494	44,347
Receivable	-	8,290	8,290
	<u>\$ 21,853</u>	<u>30,784</u>	<u>52,637</u>
Liability			
Due to others	\$ 21,853	30,784	52,637

See accompanying independent auditor's report.

CADDO CORRECTIONAL CENTER
 Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Schedules of Changes in Balances Due to Others

For the year ended June 30, 1998

	Inmate Personal Fund	Inmate Welfare Fund	Total
Balance at beginning of period	\$ 34,411	24,275	48,686
Additions:			
Deposits - inmates	750,468	-	750,468
Telephone contributions	-	68,812	68,812
Interest on investments	-	177	177
Other additions	-	192	192
Total additions	<u>750,468</u>	<u>69,181</u>	<u>819,649</u>
Reductions:			
Purchase of personal items	475,874	-	475,874
Subscriptions	-	1,154	1,154
Truancy services	-	2,798	2,798
General supplies	-	15,837	15,837
Inmate supplies	-	44,878	44,878
Educational programs	-	258	258
Refunds to inmates	248,762	-	248,762
Other reductions: (professional services)	68,183	1,825	70,008
Total reductions	<u>712,919</u>	<u>65,953</u>	<u>778,872</u>
Balance at end of period	\$ 21,562	28,784	50,346

See accompanying independent auditors' report.

KPMG Peat Marwick LLP

3000 Republic Square Tower
3000 Tech Square
Greensboro, LA 70802-2002

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, 1998, and have issued our report thereon dated September 23, 1998. 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, notwithstanding that such tests were not intended to detect and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we believed 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 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 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 September 23, 1998.

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

KPMG Peat Marwick LLP

September 23, 1998

KPMG Peat Marwick LLP

5000 Executive Square Tower
333 West Street
Beverly Hills, CA 91607-2000

September 23, 1998

CONFIDENTIAL

The Honorable Sheriff Donald E. Hathaway
Cade Parish Sheriff
Bossier, Louisiana

We have audited the financial statements of the Cade Parish Sheriff, Cade Correctional Center, and Tax Collector - Agency Fund (the "Sheriff") as of and for the year ended June 30, 1998, and have issued our reports thereon dated September 18, 1998. In planning and performing our audit 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 audit, 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 and result in other operating efficiencies and are summarized as follows:

YEAR 2000-COMPUTER ISSUES

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. The Sheriff's computer programs and certain hardware that runs time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations that could affect services. The Sheriff believes that with modifications to existing software and conversions to new software, the Year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, the Year 2000 issue could have a material impact on the operations of the Sheriff.

The Sheriff has initiated the process of preparing its computer systems and applications for the year 2000. The Sheriff expects to incur internal staff costs as well as external consulting and other expenses to prepare the systems for the year 2000.

We recommend the Sheriff continue to work on evaluating their critical systems which should include year internal systems as well as those third party vendors or governmental agencies that the Sheriff depends upon. The Sheriff is dependent on the State of Louisiana, the Sales and Use Tax Office, and the Cade Parish Commission for a significant portion of its funding. Some of this funding is automatically transferred therefore it could be effected if these agencies are not Year 2000 compliant. There can be no assurance that the systems of other entities on which you rely will be timely converted or that failure to convert would not have a material adverse effect on the Sheriff.

Due to the timing of this critical issue, we recommend that a committee be assigned this complex problem. This committee should have representation from all departments. The committee should address the various critical systems, assess the status of current compliance as well as the contingency plans that should be developed if compliance is uncertain. In addition, testing of modifications and conversion for Year 2000 compliance should be completed. Reporting to the Sheriff should be on a monthly basis until January 1, 1999.

The Year 2000 initiative among other things should include:

- Project sponsorship
- Project budget
- Project management
- Estimated completion dates
- Quality assurance plan
- Testing plans for every system in use within the Sheriff's Office
- Contingency plans for critical systems

Our discussions, which included limited inquiries in connection with the Year 2000 issue, were not designed to, and do not provide any assurance that the Year 2000 issues which may exist have been identified, or the adequacy of the Sheriff's remediation plans related to the Year 2000 financial or operational issues or whether the Sheriff is or will become Year 2000 compliant. Year 2000 compliance is the responsibility of the Sheriff and management.

CADDO PARISH SHERIFF

SHERIFF SALE AGENCY FUND

Observation — The Civil Department's computer system allows individuals to change the description made on auto payments giving the appearance the amount was never paid.

The Honorable Steven Donald B. Harbony
County Public Health
September 23, 1998
Page 3

Recommendation and Benefit — Controls should be implemented to prevent changes to the description order in the computer system. Also, we recommend that on a monthly basis, management prepare and review by a cash roll forward of all the agency funds to help ensure that proper entries are being reflected in the agency fund activity.

INTERNAL CONTROLS - PERSONNEL

Observation — During our payroll internal control testwork, we were unable to obtain supporting payroll documentation for 7 of the 18 individuals selected for testwork. The missing documentation consisted of forms supporting defined compensation, health, dental, disability, life insurance, credit union, and YMCA, dues deductions. The client was unable to locate these forms due to the paperwork having been destroyed or mislaid.

Recommendation and Benefit — We recommend the personnel department implement controls to ensure that all payroll deduction paperwork is properly filed and retained. This will help provide support in the event there are questions or disputes regarding employee payroll deduction amounts.

TAX COLLECTOR

TAX SOFTWARE

Observation — As noted in the prior year management letter, the tax software program has programming errors that prevent the financial statements from being generated properly. One of the primary problems that continues to be corrected is that the system requires the Tax Collector to do the annual audit, which results in Accounting Department personnel having to make manual adjustments to correct the general ledger to the cash basis.

Recommendation and Benefit — We recommend the Tax Collector's office and the Accounting Department work closely with the programmer to correct the problems. This should help ensure that proper financial information is created on a more timely and accurate basis.

PERFORMANCE INDICATORS

Observation — We noted that the Tax Collector's office does not regularly use any performance indicators to track the progress of billings, collections, and distributions.

The Honorable Sheriff Donald E. Hedberg
Caddo Parish Sheriff
September 13, 1998
Page 4

Recommendation and Benefit — It is recommended that the Tax Collector develop performance indicators that can be reviewed and monitored on a periodic basis. Information of this type will allow management to develop more accurate expectations of billing, collection, and distribution activity as well as serving as an additional control which can identify unanticipated fluctuations.

* * * * *

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,

KPMG Peat Marwick LLP



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D. Wilson Howard
(504)-877-8831

Don Hathaway

Sheriff and Ex-Officio Tax Collector
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Sheriff Ed. Arnes
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Marion L. Williams, Jr.
Administration
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December 18, 1998

Mr. Daniel G. Kyle, CPA, CFE
Legislative Audit Advisory Council
State of Louisiana
P. O. Box 84293
Baton Rouge, Louisiana 70804-8187

Dear Mr. Kyle:

In reference to the auditor's comments in the management letter dated September 23, 1998, the matters noted have been addressed as follows:

Year 2000 Computer Issues

The Sheriff's Office has designated a committee of management members to address any potential problems for Year 2000. Periodic meetings will be conducted and documented to track the issues and progress toward completion.

Sheriff's Sale Agency Fund

New software is being written for the Sheriff's Sales, Garnishments, and Fines and Bonds Agency Funds, to prepare for Year 2000 and concurrently correct security issues and controls needed to improve these systems. A cash roll forward will be prepared for these agency funds to ensure transactions are reflected accurately.

Internal Controls - Personnel

To maintain accurate documentation for payroll deductions, the personnel, payroll, and data processing departments will work together to prepare an employee deduction approval form to be signed by each employee at the beginning of the calendar year. This form will be placed in the employee's personnel file as verification for payroll deductions and updated as changes occur.

Tax Collection

The Tax Collection financial statements have been maintained through Microsoft Excel reports, but we will correct the maintenance financial statement and general ledger programs to reflect each basic transaction, streamline the chart of accounts, and create the appropriate customized financial statements. Reports will also be designed, maintained, and analyzed for

management and auditing purposes to track performance in collections, disbursements, and billings.

Please contact us should you have other questions or requests.

Sincerely,

DON HATHAWAY, SHERIFF



Beverly Steiner
Comptroller

Cc: Sheriff Don Hathaway
Asst. Chief Marston Williams