

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of Findings and Questioned Costs
(Single Audit)

Year ended June 30, 1996

<u>Program</u>	<u>Findings</u>	<u>Questioned Costs</u>
General Requirements	1. For the year ended June 30, 1996, one complaint had been filed with the Equal Employment Opportunity Commission and was still under investigation as of August 23, 1996.	\$ —

CADDO PARISH SHERIFF
Shreveport, Louisiana

Supplementary Schedule of Federal Financial Assistance
(Single Audit)

Year ended June 30, 1996

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KPMG Peat Marwick LLP

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Independent Auditors' Report on Supplementary Schedule of Federal Financial Assistance

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

We have audited the financial statements of the Caddo Parish Sheriff as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996. These financial statements are the responsibility of the 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Caddo Parish Sheriff taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

KPMG Peat Marwick LLP

August 23, 1996

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of Federal Financial Assistance

Year ended June 30, 1996

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Grant Revenue Received Cash Basis	Accrued (Deferred) Grant Revenue June 30, 1995	Accrued (Deferred) Grant Revenue June 30, 1996	Grant Revenue Accrual Basis	Cash Match	Total Expenditures
<u>U. S. Department of Justice</u>								
Pass-through St. Martins Parish Sheriff's Department:								
Elderly Crime Victim Assistance (10/95-9/96)	16.575	91-VA-GX-0022	\$ 7,419	—	1,553	8,972	—	8,972
Elderly Crime Victim Assistance (10/94-9/95)	16.575	91-VA-GX-0022	6,927	3,369	—	3,558	—	3,558
Elderly Crime Victim Assistance (10/93-9/94)	16.575	91-VA-GX-0022	—	(4,220)	(4,220)	—	—	—
Elderly Crime Victim Assistance (92-93)	16.575	91-VA-GX-0022	14,346	4,733	4,733	—	—	—
				3,882	2,066	12,530	—	12,530
<u>Pass-through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:</u>								
Drug Control and System Improvement:								
Street Drug Interdiction (4/93-7/94)	16.579	92B010B070355	—	(1,303)	(1,303)	—	—	—
Street Sales Disruption (8/94-7/95)	16.579	93B010B070066	2,485	2,485	—	—	—	—
Street Sales Disruption (3/95-1/96)	16.579	94B010B070069	10,490	4,991	—	5,499	1,973	7,472
DARE (8/1/92-7/31/93)	16.579	92B010B010347	2,618	2,618	—	—	—	—
			15,593	8,791	(1,303)	5,499	1,973	7,472
Total federal financial assistance			\$ 29,939	12,673	763	18,029	1,973	20,002

See accompanying notes to schedule of federal financial assistance.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Schedule of Federal Financial Assistance

Year ended June 30, 1996

(1) **General**

The accompanying schedule of federal financial assistance presents the activity of all federal financial assistance programs of the Caddo Parish Sheriff (the "Sheriff"). The Sheriff's reporting entity is defined in note 1(A) to the Sheriff's financial statements. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

(2) **Basis of Accounting**

The accompanying schedule of federal financial assistance is presented using the modified accrual basis of accounting, which is described in note 1(C) to the Sheriff's financial statements.

(3) **Relationship to Financial Statements**

Federal financial assistance revenues are reported in the Sheriff's financial statements as intergovernmental revenues.

(4) **Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

(5) **Nonmajor Grants**

None of the grants on the attached schedule qualified as a major grant. The Drug Control and Systems Improvement and Elderly Crime Victim Assistance programs were selected for internal control testing as they represented over 50% of the total expenditures.

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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 Parish Sheriff
Shreveport, Louisiana:

We have audited the financial statements of the Caddo Parish Sheriff 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 Parish Sheriff 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 general purpose financial statements of the Caddo Parish Sheriff, 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 general purpose 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 specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the Caddo Parish Sheriff in a separate letter dated August 23, 1996.

This report is intended for the information of the Caddo Parish Sheriff, 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

Cycles of Caddo Parish Sheriff's activities

- Receipts
- Disbursements

General requirements

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

Specific requirements

- Eligibility
- Reporting
- Matching

Claims for advances and reimbursements

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

During the year ended June 30, 1996, the Caddo Parish Sheriff had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

- Drug Control and Systems Improvement
- Elderly Crime Victim Assistance

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material in relation to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted a matter involving the internal control structure and its operation that we have reported to the management of the Caddo Parish Sheriff in a separate letter dated August 23, 1996.

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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 Parish Sheriff
Shreveport, Louisiana:

We have audited the financial statements of the Caddo Parish Sheriff 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 Parish Sheriff is the responsibility of the Caddo Parish Sheriff's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Sheriff's compliance with certain provisions of laws, regulations, 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 instance of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Caddo Parish Sheriff, 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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Follow-up on Prior Year Findings
(Single Audit)

Year ended June 30, 1995

<u>Program</u>	<u>Findings</u>	<u>Questioned Costs</u>
General Requirements	1. For the year ended June 30, 1995, two complaints were filed with the Equal Employment Opportunity Commission and were still under investigation as of August 18, 1995.	\$ —
	<u>Follow-up</u> See June 30, 1996 findings.	

KPMG Peat Marwick LLP

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Independent Auditors' Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions

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

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

In connection with our audit of the financial statements of the Caddo Parish Sheriff and with our consideration of the Caddo Parish Sheriff's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing eligibility; reporting; matching; and claims for advances and reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Caddo Parish Sheriff's compliance with these requirements. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Caddo Parish Sheriff, 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

The Honorable Sheriff Donald E. Hathaway
Caddo Parish Sheriff
August 23, 1996
Page 3

INTERNAL AUDIT REVIEWS

The Tax Department is in the process of converting to new software for the processing of tax collections. As part of this process, the new system will need to be tested to ensure the appropriate controls are in place for accurate and timely processing of the data. We would recommend this as an area of focus for the Internal Audit Department. Internal Audit could evaluate the controls within the system, both financial and operational and in tracing different types of transactions through the system to ensure they are processed by the system accurately and included in the proper reports.

* * * * *

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 aim, 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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Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs

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

We have audited the financial statements of the Caddo Parish Sheriff 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; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Caddo Parish Sheriff in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of the Caddo Parish Sheriff and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated August 23, 1996.

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

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

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Independent Auditors' Report on Compliance With General Requirements Applicable to Federal Financial Assistance Programs

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

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

We have applied procedures to test the Caddo Parish Sheriff's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance for the year ended June 30, 1996:

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

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

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

This report is intended for the information of the Caddo Parish Sheriff, 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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1996 and 1995

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

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Caddo Parish Sheriff (the "Sheriff") serves a four-year term as the chief executive officer of the law enforcement district and as ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, etc. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, sporting licenses and fines, costs, and bond forfeitures imposed by the district court.

(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.

The financial records of the Sheriff are included in the Caddo Parish Commission (governing authority of the parish) Comprehensive Annual Financial Report to comply with generally accepted governmental accounting standards; however, the position of Sheriff is a constitutional office and as such has power to set budgets, call tax elections, and appropriate funds with no oversight or review by the Caddo Parish Commission (the "Commission"). The Commission has an obligation to furnish the Sheriff office space and minimal financial support according to state statutes. The Commission is not responsible for the financing of deficits of the Sheriff, nor is it entitled to receive any surplus.

(Continued)

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CADDO PARISH SHERIFF
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 PARISH SHERIFF
Shreveport, Louisiana

Financial Statements

Year ended June 30, 1996

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Caddo Parish Sheriff, 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 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.

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

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 the purpose of additional analysis and are not a required part of the financial statements of the Caddo Parish Sheriff. 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.

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

KPMG Peat Marwick LLP

August 23, 1996

CADDO PARISH SHERIFF
Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

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

	Governmental Fund Type - General Fund	Fiduciary Fund Type - Agency Funds	Account Groups		Totals (Memorandum Only)	
			General Fixed Assets	General Long-Term Obligations	1996	1995
<u>Assets and Other Debits</u>						
Cash and cash equivalents	\$ 949,298	3,593,355	—	—	4,542,653	2,919,342
Investments	2,469,127	705,747	—	—	3,174,874	1,548,347
Receivables	730,943	—	—	—	730,943	664,295
Fixed assets	—	—	6,519,929	—	6,519,929	6,034,344
Amount to be provided for accrued compensated absences	—	—	—	772,779	772,779	644,853
Amount to be provided for claims and judgments	—	—	—	1,013,151	1,013,151	1,013,151
Amount to be provided for note payable	—	—	—	321,479	321,479	—
Total assets and other debits	\$ 4,149,368	4,299,102	6,519,929	2,107,409	17,075,808	12,824,332
<u>Liabilities, Equity, and Other Credits</u>						
Liabilities:						
Accounts payable	\$ 104,716	—	—	—	104,716	100,867
Accrued expenses	115,878	—	—	—	115,878	80,495
Due to taxing bodies and others	—	4,299,102	—	—	4,299,102	1,876,496
Accrued compensated absences	—	—	—	772,779	772,779	644,853
Claims and judgments	—	—	—	1,013,151	1,013,151	1,013,151
Note payable	93,521	—	—	321,479	415,000	—
Total liabilities	314,115	4,299,102	—	2,107,409	6,720,626	3,715,862
Equity and Other Credits:						
Investment in general fixed assets	—	—	6,519,929	—	6,519,929	6,034,344
Fund balance:						
Unreserved - undesignated	3,835,253	—	—	—	3,835,253	3,074,126
Total equity and other credits	3,835,253	—	6,519,929	—	10,355,182	9,108,470
Total liabilities, equity, and other credits	\$ 4,149,368	4,299,102	6,519,929	2,107,409	17,075,808	12,824,332

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 1996

(with comparative amounts for the year ended June 30, 1995)

	<u>1996</u>	<u>1995</u>
Revenues:		
Ad valorem taxes	\$ 10,355,954	9,855,887
Intergovernmental revenues:		
Federal grants	18,029	50,946
State sources:		
Grants	132,340	71,387
Revenue sharing	436,071	517,453
Supplemental pay	617,970	669,864
Fees, charges, and commissions for services:		
Commissions on state revenue sharing	518,257	447,448
Civil and criminal fees	1,349,565	1,235,787
Court attendance	45,792	39,178
Administrative - Caddo Correctional Center (CCC)	331,821	290,214
Transporting prisoners	24,763	21,481
Feeding and keeping prisoners	—	43,397
Interest	137,724	122,520
Miscellaneous	29,520	40,777
Total revenues	<u>13,997,806</u>	<u>13,406,339</u>
Expenditures:		
Current - public safety:		
Personal services and related benefits	8,663,691	8,391,892
Operating services	1,390,391	1,336,944
Materials and supplies	784,686	723,649
Other charges	591,708	463,717
Debt service	118,680	—
Capital outlay	794,567	645,969
Payments to CCC	1,350,000	1,123,501
Total expenditures	<u>13,693,723</u>	<u>12,685,672</u>
Excess of revenues over expenditures	304,083	720,667
Other financing sources – proceeds from:		
Sale of general fixed assets	42,044	54,818
Note payable	415,000	—
	<u>457,044</u>	<u>54,818</u>
Excess of revenues and other financing sources over expenditures	761,127	775,485
Fund balance at beginning of year	<u>3,074,126</u>	<u>2,298,641</u>
Fund balance of end of year	\$ <u>3,835,253</u>	<u>3,074,126</u>

See accompanying notes to financial statements.

This report is intended for the information of the Caddo Parish Sheriff, 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

CADDO PARISH SHERIFF
Shreveport, Louisiana

General Fund

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

	<u>1996</u>			<u>1995</u>
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	<u>Actual</u>
Expenditures:				
Personal services	\$ 8,320,100	8,659,734	(339,634)	8,361,114
Contractual services	1,371,200	1,417,712	(46,512)	1,292,100
Materials and supplies	567,500	663,666	(96,166)	588,513
Statutory charges	90,800	123,385	(32,585)	140,788
Other charges	1,837,870	1,930,253	(92,383)	1,598,120
Capital expenditures	<u>750,000</u>	<u>684,596</u>	<u>65,404</u>	<u>631,589</u>
Total expenditures	<u>12,937,470</u>	<u>13,479,346</u>	<u>(541,876)</u>	<u>12,612,224</u>
Excess (deficiency) of revenues over expenditures	233,530	(38,390)	(271,920)	834,751
Other financing source - proceeds from sale of general fixed assets	<u>21,000</u>	<u>42,044</u>	<u>21,044</u>	<u>54,818</u>
Excess of revenues and other financing source over expenditures	254,530	3,654	(250,876)	889,569
Fund balance at beginning of year	<u>3,074,126</u>	<u>3,074,126</u>	<u>—</u>	<u>2,298,641</u>
Fund balance at end of year	\$ <u><u>3,328,656</u></u>	<u><u>3,077,780</u></u>	<u><u>(250,876)</u></u>	<u><u>3,188,210</u></u>

See accompanying notes to financial statements.

The Honorable Sheriff Donald E. Hathaway
Caddo Parish Sheriff
August 23, 1996
Page 2

Recommendation and Benefit — We recommend that management designate someone outside of the Tax Department to reconcile the monthly bank statements to ensure the bank accounts are independently reconciled. The completed reconciliation should then be returned to the department head for review.

COMPUTER SYSTEM

Observation — The Sheriff is in the process of implementing a new computer software system. Under the old software system (which was utilized part of the year under audit) we noted there was a lack of segregation of duties in the data processing area. One individual essentially had control over all computer information. In addition, data processing personnel had the ability to change data within the system. It was also noted that under the old software system it was difficult to generate new and innovative reports for use by Tax Department personnel.

Recommendation and Benefit — Stricter controls should be implemented over data processing to prevent unauthorized changes and preserve the integrity of data. It is our understanding that under the new software system, the department will be operating in an end-user computer environment. We encourage the Sheriff to fully utilize the controls and reporting features of the end-users to ensure the integrity of the data processed and ensure an appropriate audit trail for transactions. Data processing personnel should not be allowed to adjust accounting data. The accounting department should submit journal entries to correct or change information. The new software system should also require minimum intervention by data processing personnel for normal processing and allow the end-user to generate monitoring reports with minimum assistance by data processing personnel.

RECONCILIATION OF FUND BALANCE

Observation — The Tax Department does not follow the practice of reconciling fund balance at the end of each month. As a result, at year end the department had funds which it had collected from the previous year and funds collected several months before year end that had not been remitted to the appropriate entity.

Recommendation and Benefit — Fund balance should be reconciled on a monthly basis and analyzed to ensure that all funds collected by the Tax Department have been identified as to the recipient and will be remitted on a timely basis. The reconciliation should be reviewed by someone other than the preparer.

The Tax Department did reconcile year-end fund balance as part of our audit and it is our understanding, has continued to reconcile fund balance monthly.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

By agreement between the Sheriff and the Commission, the Sheriff manages and operates the jail facility. The Sheriff maintains accounting records, prepares annual budgets, and financial information for the Commission. The maintenance and operation of the Caddo Correctional 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 of 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 non-parish prisoners for its maintenance costs of the 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. Ultimate responsibility for the facility remains vested in the Commission. The financial operations of the facility are reflected in the financial statements of the Commission and are not reflected in the financial statements of the Sheriff.

The Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the parish courthouse, as required by Louisiana law, is paid by the Commission. These expenditures are not recorded in the accompanying financial statements.

The accounting policies of the Sheriff 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 accounts of the Sheriff are organized on the basis of funds or account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The various funds are summarized by type in the financial statements. 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. Governmental funds are accounted for on a spending measurement focus where the focus is upon determination of changes in financial position rather than upon net income determination.

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff and accounts for the operations of the Sheriff. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district and the related state revenue sharing. Other sources of

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, etc. General operating expenditures are paid from this fund.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Sheriff in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

Agency Funds

Agency Funds are used to account for assets held in a trustee capacity. The Sheriff's Agency Funds are used as depositories for civil suits, cash bonds, taxes, fees, etc. Disbursements from these funds are made to various parish agencies, litigants in suits, etc., in the manner prescribed by law. The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement of focus.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Sheriff'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 Sheriff. The General Long-Term Obligations Account Group is established to account for all long-term obligations of the Sheriff.

(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 accompanying financial statements have been prepared on the modified accrual basis of accounting, except for the Tax Collector Agency Fund, which is prepared on the cash basis of accounting, which approximates the modified accrual basis of accounting.

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

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

Revenues

Ad valorem taxes and commissions earned from the related state revenue sharing are recorded in the year the taxes become due and payable. Ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year. The lien date is January 1.

Intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

Expenditures

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

Except for the Tax Collector Agency Fund, the majority of additions are not susceptible to accrual because they are not measurable until received in cash. The Tax Collector Agency Fund records collections when received and distributions when paid. The Tax Collector Agency Fund does not accrue receivables and related payables associated with tax collection activities.

Reductions

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

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(D) Budgetary Accounting

The Sheriff utilizes the following procedures in establishing the budgetary data for the General Fund:

- (1) During May, the Sheriff's office prepares 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 is held on the proposed budget.
- (3) The adopted budget is published in the official journal prior to the commencement of the fiscal year for which the budget is being adopted.
- (4) All budgetary appropriations lapse at the end of each fiscal year.
- (5) The budget is prepared on the basis of cash estimates which means that for budgetary purposes revenues are budgeted in the year of receipt rather than the year earned, and expenditures are budgeted in the year paid rather than in the year incurred. The budgetary legal level is at the fund level.

(E) Encumbrances and Budget

Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed. 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) Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are 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.

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

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.

(G) Compensated Absences

Employees of the Sheriff's office earn from 10 to 20 days of vacation leave and sick 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 accrual is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The Sheriff accrues costs incurred for vacation leave in the General Long-Term Obligations Account Group. Accrued sick leave benefits are not accrued due to the Sheriff'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.

(H) Investments

Investments are stated at cost or amortized cost, which approximates market, in the General Fund. In the Deferred Compensation Agency Fund, investments are stated at current market value.

State statutes generally authorize the Sheriff 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.

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(I) Deferred Compensation

Under the guidelines established in accordance with the 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 an 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. Transactions related to the deferred compensation plan are recorded in the Deferred Compensation Agency Fund.

(J) 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 the liability is recorded in the General Long-Term Obligations Account Group.

(K) Total Columns

Amounts in the "Totals (Memorandum Only)" columns of the financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operation in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(L) Comparative Total Data

Comparative amounts and total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Sheriff'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 PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

Grants

The Sheriff participates in several federal and state assisted grant programs. These programs are subject to program compliance audits under the Single Audit Act. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Sheriff believes that the amount of disallowances, if any, which may arise from future audits will not be material.

CADDO PARISH SHERIFF
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

(with actual comparative amounts for the year ended June 30, 1995)

	<u>1996</u>		Variance - Favorable (Unfavorable)	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 10,000,000	9,911,959	(88,041)	10,099,140
Penalties and interest on taxes	175,000	126,161	(48,839)	212,612
Permits	1,500	1,390	(110)	1,265
Hunting and fishing licenses	60,000	55,735	(4,265)	60,841
Gaming fees	85,000	77,823	(7,177)	98,007
State grants	50,000	179,050	129,050	106,544
State revenue sharing	646,000	663,614	17,614	590,714
State supplemental pay	605,000	642,895	37,895	650,468
State revenue sharing commissions	300,000	261,901	(38,099)	312,245
Garnishment commissions	23,000	31,246	8,246	25,952
Civil and criminal fees	340,000	334,774	(5,226)	320,140
Court attendance	40,000	42,544	2,544	39,178
Transporting prisoners	28,000	18,020	(9,980)	26,006
Feeding prisoners	—	—	—	35,334
Outside civil service	95,000	101,934	6,934	101,795
Notary fees	9,000	6,445	(2,555)	7,150
Notice of seizure	6,500	3,960	(2,540)	7,433
Accident reports	4,000	3,841	(159)	3,535
Housing prisoners	—	23,182	23,182	11,840
CCC accounting and administrative service	290,000	331,821	41,821	290,214
Criminal bail bond fees	35,000	35,271	271	44,444
Commissions on fines	38,000	68,834	30,834	40,941
Criminal fees	51,000	110,612	59,612	59,910
Appearance bond forfeitures	13,000	30,051	17,051	7,739
Interest earned on investments	95,000	162,895	67,895	122,144
Probation and parole fees	75,000	107,143	32,143	36,478
Criminal seizures	1,000	—	(1,000)	—
Gun permit fees	45,000	38,275	(6,725)	42,590
Background checks	55,000	40,060	(14,940)	51,520
Miscellaneous revenue	5,000	29,520	24,520	40,796
Total revenues	<u>13,171,000</u>	<u>13,440,956</u>	<u>269,956</u>	<u>13,446,975</u>

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(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).

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 (GAAP) are as follows:

Excess of expenditures over revenues (budgetary basis)	\$ 3,654
Adjustments:	
Revenue accruals	1,361,817
Expenditure accruals	<u>(604,344)</u>
Excess of revenues over expenditure (GAAP basis)	\$ <u><u>761,127</u></u>

(3) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes as of June 30, 1996:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Law enforcement	4.88	4.88	None
Law enforcement:			
General services	1.95	1.95	12/31/02
Continued general services	3.16	3.16	12/31/02
Continued general services	3.00	3.00	12/31/02
Additional services	1.95	1.95	12/31/02

(4) Cash and Cash Equivalents

All deposits of the Sheriff are held by area financial institutions. At June 30, 1996, the Sheriff's deposits were entirely insured by federal depository insurance or collateralized with securities held in the name of the pledging fiscal agent bank. As of June 30, 1996, the carrying amount of the Sheriff's cash deposits was \$4,542,653 and the bank balance was \$4,844,582. The difference in the bank balance and the carrying amount is due to the outstanding checks at June 30.

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CADDO PARISH SHERIFF
Shreveport, Louisiana

Supplementary Schedule of Federal
Financial Assistance (Single Audit)

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 PARISH SHERIFF
Shreveport, Louisiana

Supplemental Information Schedules

As of and for the year ended June 30, 1996

Fiduciary Funds - Agency Funds

Sheriff's Fund

The Sheriff's Fund accounts for funds held in civil suits, Sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

Tax Collector Fund

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

Deferred Compensation Fund

This fund is used to account for the employees' tax deferred compensation plan consisting of optional investment funds.

KPMG Peat Marwick LLP

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

August 23, 1996

CONFIDENTIAL

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

We have audited the general purpose financial statements of the Caddo Parish Sheriff, Caddo Correctional Center, and Caddo Parish Tax Collector as of and for the year ended June 30, 1996, and have issued our report thereon dated August 23, 1996. In planning and performing our audit of the financial statements of the Sheriff, 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 or result in other operating efficiencies and are summarized as follows:

CADDO PARISH SHERIFF

FEDERAL GRANTS

Observation — The administration of federal grants is centralized outside of accounting. Therefore, the individual responsible for monitoring the federal grants must coordinate recording the grant activity with the accounting department. It came to our attention during the audit that all grant activity was not being handled by the person designated for monitoring federal grants.

Recommendation and Benefit — Controls should be strengthened to ensure that the federal grant monitor is involved in the administration and monitoring of all grants. This person should then involve as appropriate, the accounting department to ensure all grant activities are properly recorded in the financial records.

TAX COLLECTOR

CASH RECEIPTS

Observation — During our review of controls over cash receipts, we noted all personnel in the tax collection department are involved in some manner with the cash collection process. Therefore, the person in the Tax Department performing the monthly bank reconciliation is not completely independent of the cash receipts function.

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public inspection at the Baton
Rouge office of the Legislative Audi-
tor and, where appropriate, at the
office of the parish clerk of court.

Release Date _____

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

During 1996 the Sheriff borrowed \$415,000 at a fixed interest rate of 6.75% for the purchase of computer software and payment of training costs. The note payable is to be paid over a four year period. Payments of principal and interest of \$9,890 are due each month beginning July 1, 1996. Annual requirements, including interest, to amortize the note payable are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 93,521	25,159	118,680
1998	100,033	18,647	118,680
1999	106,998	11,682	118,680
2000	<u>114,448</u>	<u>4,232</u>	<u>118,680</u>
	<u>\$ 415,000</u>	<u>59,720</u>	<u>474,720</u>

(12) Changes in Agency Funds - Balances Due to Taxing Bodies and Others

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

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 1996</u>
Agency funds:				
Tax Collector	\$ 1,087,851	89,982,798	87,737,699	3,332,950
Deferred compensation	552,284	193,324	39,861	705,747
Other	<u>235,465</u>	<u>4,300,219</u>	<u>4,275,279</u>	<u>260,405</u>
Total	<u>\$ 1,875,600</u>	<u>94,476,341</u>	<u>92,052,839</u>	<u>4,299,102</u>

(13) Contingencies, Litigation, and Claims

Litigation

At June 30, 1996, the Sheriff is named as defendant in several lawsuits. In the opinion of the Sheriff's legal counsel, no claims or suits exist for which there is insufficient insurance coverage except as discussed in the following paragraph.

In a suit filed by the City of Shreveport, a judgment was rendered on September 12, 1994, awarding the City of Shreveport \$1,013,151 for keeping parish prisoners in the Shreveport City Jail. This amount was for prisoners housed from March 1992 through July 1994. The Sheriff's legal counsel appealed and received a favorable ruling; however, the City of Shreveport and the Caddo Parish Commission have applied to the Supreme Court for writs of certiorari. The Sheriff formally opposed these writs. All parties are currently waiting on the ruling by the Supreme Court. An accrual has been recorded for \$1,013,151 in the general long-term obligations account groups.

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(9) Postretirement Benefits

In addition to the pension benefits described in note 8, the Sheriff 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 Sheriff with life or dependent care premiums being paid by the retiree. The Sheriff recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. At June 30, 1996, there were 67 retirees receiving benefits. The Sheriff's cost of benefits provided to retirees was approximately \$97,716 for 1996.

(10) Lease Commitments

At June 30, 1996, the Sheriff has twenty noncancelable operating leases. The building's and facilities' leases are for the Vivian sub-station, operations annex, academy, Slattery building (3 locations), and radio tower.

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:		
1996-97	\$	147,182
1997-98		104,107
1998-99		87,238
1999-00		66,186
2000-01		<u>200</u>
Total	\$	<u>404,913</u>

Total rental expense under operating leases was approximately \$134,399 for 1996.

(11) Long-Term Obligations

A summary of changes in general long-term obligations follows:

	<u>Balance</u> <u>July 1, 1995</u>	<u>Net</u> <u>Additions</u>	<u>Balance</u> <u>June 30, 1996</u>
Accrued compensated absences	\$ 644,853	127,926	772,779
Claims and judgments	1,013,151	—	1,013,151
Note payable	<u>—</u>	<u>321,479</u>	<u>321,479</u>
Total	<u>\$ 1,658,004</u>	<u>449,405</u>	<u>2,107,409</u>

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(C) Contribution Requirements and Contributions Made

The System's funding policy provides for contributions to be made by the Sheriff 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 (Sheriff) amounts which are estimated based on the Sheriff's payroll as a percentage of the total estimated payroll.

<u>All Employers</u>	
Actuarially determined employer's contribution for 1995	\$ 11,742,869
Total estimated payroll	195,714,482
 <u>The Sheriff</u>	
Estimated actuarially determined employer's contribution	419,356
Covered payroll	6,989,271
Percentage of Sheriff contribution requirement to total contribution requirement	3.6%
Employer contributions	415,115
Employee contributions	591,923
Percentage of employer contributions to total payroll	6%
Percentage of employee contributions to total payroll	8.5%

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	84.9%	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%

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

Funding Statutes 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.

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	470,491,900
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.

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(8) Defined Benefit Pension Plan

(A) Description of Plan

Substantially all employees of the Sheriff 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.

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 from 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 Sheriff employees covered by the System was \$6,989,271 and the amount contributed by the Sheriff to the System was \$419,356 or 6% of the total covered payroll. Total current year payroll for all Sheriff employees was \$7,307,752.

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

(5) **Investments**

At June 30, 1996, investments held are as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
General Fund – U.S. Treasury bills held by Federal Reserve Bank for the account of the Sheriff and recorded by the financial institution as purchased by the Sheriff (Category 1)	\$ 2,469,127	2,469,127
Agency Fund – Life insurance, annuities, mutual funds, and money market	<u>705,747</u>	<u>705,747</u>
Total	\$ <u>3,174,874</u>	<u>3,174,874</u>

Category 1 investments are insured or registered, or are securities held by the Sheriff or its agents in the Sheriff's name.

(6) **Receivables**

Receivables at June 30, 1996, are as follows:

Ad valorem taxes	\$ 573,313
Intergovernmental revenues:	
Federal grants	763
State grants	61,109
Fees, charges, and commissions for services:	
Civil and criminal fees	66,773
Court attendance	3,248
Transportation of prisoners	6,743
Refunds and reimbursements	<u>18,994</u>
Total	\$ <u>730,943</u>

(7) **General Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1996</u>
Office furniture and equipment	\$ 6,034,344	702,838	262,025	6,475,157
Computer software	<u> —</u>	<u>44,772</u>	<u> —</u>	<u>44,772</u>
	\$ <u>6,034,344</u>	<u>747,610</u>	<u>262,025</u>	<u>6,519,929</u>

(Continued)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Combining Balance Sheet

June 30, 1996

	<u>Sheriff's Fund</u>	<u>Deferred Compensation Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<u>Assets</u>				
Cash	\$ 260,405	—	3,332,950	3,593,355
Investments	<u>—</u>	<u>705,747</u>	<u>—</u>	<u>705,747</u>
	<u>\$ 260,405</u>	<u>705,747</u>	<u>3,332,950</u>	<u>4,299,102</u>
<u>Liability</u>				
Due to taxing bodies and others	\$ <u>260,405</u>	<u>705,747</u>	<u>3,332,950</u>	<u>4,299,102</u>

See accompanying independent auditors' report.