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CALEDWELL PARISH SHERIFF
Columbia, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1988
With Supplemental Information Schedules

Under provisions of this law, this report is a public document. A copy of the report has been automatically to the budget, as provided, and other appropriate public officials. It is subject to review for public inspection by the Bureau of State Audits, Louisiana Department of State Police, or the office of the parish clerk of court.

WAS 6 8 1988

Release Date

VERNON R
COON

MISSISSIPPI PUBLIC ACCOUNTANTS

CALDWELL PARISH SHERIFF
Columbia, Louisiana

General Purpose Financial Statements
As of and for the Year Ended
June 30, 1998
With Supplemental Information Schedules

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Independent Auditor's Report

CALEDWELL PARISH SHERIFF Columbia, Louisiana

I have audited the general purpose financial statements of the Caldwell Parish Sheriff, as of June 30, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Caldwell Parish Sheriff's management. My responsibility is to express an opinion on their general purpose financial statements based on my audit.

Except as discussed in the following paragraphs, I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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. I believe that my audit provides a reasonable basis for my opinion.

Because of inadequacies in the accounting records of the Corrections Center Operating Fund, I was unable to form an opinion regarding the amounts recorded as liabilities and expenditures. The financial activities of the fund are included in the special revenue fund type and represent 64% and 47% of the assets and expenditures, respectively, of the special revenue fund type.

In my opinion, except for the special revenue fund type on which I express no opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Caldwell Parish Sheriff as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

VERNON R. COON
CERTIFIED PUBLIC ACCOUNTANT
MEMBER - AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

VERNON R. COON
CERTIFIED PUBLIC
ACCOUNTANT

VERNON R. COON
CERTIFIED PUBLIC
ACCOUNTANT

VERNON R. COON
CERTIFIED PUBLIC
ACCOUNTANT

VERNON R. COON
CERTIFIED PUBLIC
ACCOUNTANT

VERNON R. COON, CPA
1001 W. MONROE
LAFAYETTE, LOUISIANA 70501
PHONE: 337-283-1237
TELE FAX: 337-283-1237
FAX: 337-283-1237
E-MAIL: VRCOON@AOL.COM

CALDWELL PARISH SHERIFF
Columbis, Louisiana
Independent Auditor's Report,
June 30, 1998

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Caldwell Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, except for the special revenue fund type on which I express no opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued reports dated December 29, 1998, on the Caldwell Parish Sheriff's compliance with laws, regulations, contracts, and grants, and my consideration of the agency's internal control over financial reporting.



West Monroe, Louisiana
December 29, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

CALDWELL PARKS SHOWBO
Columbia, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Continued Balance Sheet, June 30, 1998

	GOVERNMENTAL FUND TYPE		FIDUCIARY FUND TYPE - MONEY MARKETS	ACCOUNT GROUPS - GENERAL - GENERAL		TOTAL COMBINATION TOTAL
	GENERAL FUND	SPECIAL REVENUE FUND		FIXED INVEST.	LONG TERM DEBT	
ASSETS						
Cash	\$461,200	\$127,892	\$175,147			\$764,239
Cash with fiscal agent		48,709				48,709
Receivables	81,490	290,653				372,143
Due from other funds	21,429	12,148	88			33,665
Land, buildings, office furnishings, and equipment				\$1,446,470		1,446,470
Amounts to be provided for retirement of general long- term debt					\$2,218,418	2,218,418
TOTAL ASSETS	<u>\$545,119</u>	<u>\$488,602</u>	<u>\$175,235</u>	<u>\$1,446,470</u>	<u>\$2,218,418</u>	<u>\$5,869,342</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Cash overdraft						88
Accounts payable	\$50,599	\$179,699				\$230,298
Payroll/deferred payroll	7,048	(148,888)				(141,840)
Due to other funds	88	21,249				21,337
Capital leases payable					\$47,876	47,876
Outstanding of interfund payable					322,538	322,538
Revenue bonds payable					1,848,584	1,848,584
Due to taxing bodies and others			\$175,147			175,147
Total Liabilities	<u>\$68,635</u>	<u>\$21,861</u>	<u>\$175,147</u>	<u>\$468</u>	<u>\$2,119,516</u>	<u>2,685,567</u>
Fund Equity:						
Investment in general fund assets				\$1,446,470		1,446,470
Fund balance -						
unreserved - undesignated	<u>\$476,484</u>	<u>\$466,741</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>\$943,225</u>
Total Fund Equity	<u>\$476,484</u>	<u>\$466,741</u>	<u>NONE</u>	<u>1,446,470</u>	<u>NONE</u>	<u>4,875,635</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$245,119</u>	<u>\$488,602</u>	<u>\$175,235</u>	<u>\$1,446,470</u>	<u>\$2,218,418</u>	<u>\$5,869,342</u>

The accompanying notes are an integral part of this statement.

CALDWELL PARISH SHERIFF
Caldwell, Louisiana
GOVERNMENTAL FUND TYPE -
GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1998

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL COMBINED FUNDS TOTAL</u>
REVENUES:			
Taxes - ad valorem	\$672,714		\$672,714
Intergovernmental revenues:			
Federal grants	200,364		200,364
State grants:			
State supplemental pay	57,688		57,688
State resource sharing	43,488		43,488
HAMS program	16,737		16,737
Other	39,463		39,463
Local grants	8,199		8,199
Fees, charges, and commissions (for services):			
Commissions on fines, bonds, licenses, and taxes	8,652		8,652
Civil and criminal fees	61,147		61,147
Court attendance	1,648		1,648
Feeding and keeping of prisoners	324,163	\$3,628,258	3,952,421
Tax notices, etc.	3,636		3,636
Other	6,883	2,779	9,662
Fees and facilities	1,285		1,285
Use of money and property	131,189	1,252	132,441
Other revenues	3,740	186,580	190,320
Total revenues	<u>1,279,830</u>	<u>3,790,279</u>	<u>5,070,109</u>
EXPENDITURES:			
Public Safety:			
Personnel:			
Personal services and related benefits	873,165	1,338,914	2,212,079
Operating services	236,378	1,322,021	1,558,400
Materials and supplies	158,833	648,815	807,648
Travel and other charges	22,245	83,735	105,980
Night service	89,864	285,144	375,008
Capital outlay	34,885	40,238	75,123
Total expenditures	<u>1,385,360</u>	<u>3,641,867</u>	<u>5,027,227</u>

(Continued)

CAUDWELL PARISH SHERIFF
 Columbia, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL AND
 SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances, etc.

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTAL MEMORANDUM TOTAL</u>
EXCESS (deficiency) OF REVENUES OVER EXPENDITURES	<u>\$101,700</u>	<u>508,100</u>	<u>\$709,800</u>
OTHER FINANCING SOURCES Increase in capital lease	<u>6,300</u>		<u>6,300</u>
Total other financing sources	<u>6,300</u>	<u>50,000</u>	<u>56,300</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>208,000</u>	<u>558,100</u>	<u>766,100</u>
FUND BALANCES (deficit) AT BEGINNING OF YEAR	<u>6,804</u>	<u>728,014</u>	<u>734,818</u>
FUND BALANCES AT END OF YEAR	<u>214,804</u>	<u>540,214</u>	<u>755,018</u>

(Continued)

The accompanying notes are an integral part of this statement.

CALDWELL PARISH SHERIFF
Columbia, Louisiana
GOVERNMENTAL FUND TYPE -
GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Budget (Plus-GAAP) Basis and Actual
For the Year Ended June 30, 1998

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes:						
All taxes	\$270,000	\$272,774	\$2,774			
Inter-governmental revenues:						
Federal grants	208,000	203,364	(4,636)			
State grants:						
State supplemental pay	40,000	37,488	(2,512)			
State revenue sharing	44,000	43,488	(512)			
SEAF program	22,500	22,737	237			
Other	28,000	33,385	5,385			
Local grants	12,500	8,799	(3,701)			
Fees, charges, and reimbursements for services:						
Commission on fire, bonds, licenses, and taxes		8,652	8,652			
Civil and criminal fees	66,000	61,347	(4,653)			
Court assistance	1,600	1,648	48			
Feeding and housing of prisoners	380,000	324,345	(55,655)	\$3,500,000	\$3,628,708	\$78,708
Tax returns, etc.	1,500	3,606	2,106			
Other	7,200	8,893	1,693		2,779	2,779
Fines and forfeitures		1,293	1,293			
Use of money and property	120,000	116,189	(3,811)		1,552	1,552
Other revenues	1,215	3,746	2,531		88,558	88,558
Total revenues	1,440,275	1,679,888	239,613	3,500,000	3,748,573	248,573
EXPENDITURES						
Public Safety:						
Corrections:						
Personal services and salaries	\$79,000	\$71,365	(7,635)	1,622,700	1,528,914	(93,786)
Operating services	345,000	380,576	35,576	976,830	1,102,821	(125,990)
Materials and supplies	150,000	126,813	(23,187)	134	644,833	(644,700)
Travel and other charges	29,000	37,245	8,245		88,788	(88,788)
Debt service	348,000	314,664	(33,336)	321,840	283,384	(38,456)
Capital outlay	10,000	36,885	26,885		48,738	(48,738)
Total expenditures	1,662,000	1,611,553	(50,447)	1,942,374	2,641,958	(660,416)

(Continued)

CALDWELL PARISH GOVERNMENT

Columbia, Louisiana

GOVERNMENTAL FUND TYPE - GENERAL
AND SPECIAL REVENUE FUNDSContinued Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(Non-GAAP) Basis and Actual, etc.

	GENERAL FUNDS			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE
EXCESS (deficiency) OF REVENUES OVER EXPENDITURES	<u>399,154</u>	<u>310,300</u>	<u>88,854</u>	<u>150,300</u>	<u>208,100</u>	<u>57,800</u>
OTHER FINANCING SOURCES						
Increase in capital lease		6,200	6,200			
Proceeds from bank loan	<u>201,000</u>	<u>103,000</u>	<u>100,000</u>			
Total other financing sources	<u>201,000</u>	<u>109,200</u>	<u>90,200</u>	<u>None</u>	<u>None</u>	<u>None</u>
EXCESS (deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>121,815</u>	<u>100,660</u>	<u>21,155</u>	<u>150,300</u>	<u>208,100</u>	<u>157,800</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>1,204</u>	<u>1,204</u>		<u>20,400</u>	<u>20,400</u>	
FUND BALANCES AT END OF YEAR	<u>112,729</u>	<u>1,009,924</u>	<u>897,195</u>	<u>40,700</u>	<u>148,500</u>	<u>107,800</u>

(Continued)

The accompanying notes are an integral part of this statement.

CALDWELL PARISH SHERIFF
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and executes duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera. As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes, parish occupational licenses, state revenue sharing funds, firearms licenses, and fines, costs, and bond forfeitures imposed by the district court.

The sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Caldwell Parish Police Jury is the financial reporting entity for Caldwell Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the measure and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. Basic criteria for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury maintains and operates the parish courthouse in which the sheriff's office is located and provides funds for equipment and furniture of the sheriff's office, the sheriff was determined to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The sheriff uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies.

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

through service charges or user fees. Fiduciary funds are used to account for assets held for others. The sheriff's current operations require the use of only governmental and fiduciary funds as described below:

Governmental Funds

General Fund

The General Fund, as provided by Louisiana Revised Statute (R.S.) 1422, is the principal fund and is used to account for the operations of the sheriff's office. The sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Special Revenue Funds

The special revenue funds are used to account for general operating expenditures of the detention and correctional centers.

Fiduciary Funds - Agency Fund Type

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from the funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures (capital outlay) in the governmental funds and the related assets are reported in the general fixed assets account group. General fixed assets provided by the parish police jury are not recorded in the general fixed assets account group. Approximately 10 per cent of fixed assets are valued at estimated historical costs based on the actual costs of like items while the remaining 90

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

per cent are based on actual historical costs. Depreciated fixed assets are valued at their estimated fair market value on the date received. No depreciation has been provided on general fund assets. Interest costs incurred during construction of the detention center are capitalized.

Long-term debt, such as capital leases, bond anticipation notes and bonds payable are recognized as liabilities of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.

II. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The sheriff uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax bills are filed with the recorder of mortgages. Louisiana Revised Statute 47:1983 requires that the tax bill be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

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

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, intergovernmental revenues and fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures

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

Other Financing Sources

Increases in capital leases are accounted for as other financing sources and are recognized when the underlying events have occurred.

E. BUDGET PRACTICES

Proposed budgets are published in the official journal at least ten days prior to the public hearing. Budgets are prepared on the modified accrual basis of accounting, except for the inclusion of increases and decreases in short-term bank loans. Public hearings are held at the Caldwell Parish Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the sheriff and amended during the year, as necessary. Budgets are established and controlled by the sheriff at the object level of expenditures. Encumbrance accounting is not recognized within the budgetary accounting system.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and subsequent amendments.

F. CASH AND CASH EQUIVALENTS

Under state law, the sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1990, the sheriff has cash (bank balances) totaling \$462,059 as follows:

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

Demand deposits	3376,961
Time deposits	284,628
Petty Cash	<u>750</u>
Total	<u>\$462,014</u>

Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 1998, totaling \$462,014 are not fully secured by federal deposit insurance.

G. VACATION AND SICK LEAVE

After one year of service, all employees are granted two weeks of vacation leave each year. Vacation leave must be taken in the year granted and may not be accumulated and carried forward to succeeding years. Sick leave is granted on a case-by-case basis, at the discretion of the sheriff.

H. RISK MANAGEMENT

The sheriff is exposed to various risk of loss related to law enforcement liability; torts; theft of, damage to, and destruction of assets; crimes and embezzlements; and injuries to employees. To handle risk of loss, the sheriff maintains commercial insurance covering: automobile liability; general liability; commercial crime; law enforcement; public officials liability; and worker's compensation and employer's liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts.

I. TOTAL COLUMN ON THE BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only to indicate that it is prepared only to facilitate financial analysis (overview). Data in this column does not present financial position 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.

CADWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

2. LIMITED TAX

As provided by Louisiana Revised Statute 33:9004, a law enforcement district has been created for the purpose of providing financing to the office of the sheriff of Caldwell Parish. Louisiana Revised Statute 33:9003 requires the district to levy a tax on the assessed valuation of all property appearing on the 1977 and subsequent tax rolls in an amount that would produce for the district in the initial year the same revenue as that estimated to be produced by the sheriff's commission on ad valorem taxes for the fiscal year 1976-77. For the 1997 tax roll the district levied 28.98 mills.

3. RECEIVABLES

The receivables of \$360,123 as of June 30, 1998, are as follows:

	General Fund	Special Revenue Funds	Total
Ad valorem taxes	\$3,618		\$3,618
Intergovernmental revenues:			
State grants	24,613	\$297,633	\$322,246
Local grants	3,017		3,017
Fees, charges, and commissions for services	17,580		17,580
Other sources	13,685		13,685
Total	\$62,493	\$297,633	\$360,126

4. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at June 30, 1998 are as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$22,429	\$98
Sheriff's fund	23	
Fines fund	76	
Correction Center Operating fund	12,090	21,249
Total	\$34,618	\$21,347

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 1999 follows:

	Balance at June 30, 1997	Additions	Deletions	Balance at June 30, 1999
Sheriff's Office:				
Office furniture & equipment	\$57,848	\$18,798		\$68,644
Office equipment & supplies	93,964	4,884	(1,000)	98,444
Vehicles	189,464	13,111		197,572
Increase in capital lease		6,295		6,295
Subtotal sheriff's office	<u>340,677</u>	<u>36,886</u>	<u>(1,000)</u>	<u>371,659</u>
Detection Center:				
Land	8,000			8,000
Buildings & improvements	2,000,000			2,000,000
Construction in progress	50,000			50,000
Equipment	1,036	7,035		8,111
Subtotal detection center	<u>2,057,036</u>	<u>7,035</u>	<u>NOPE</u>	<u>2,014,241</u>
Corrections Center:				
Equipment	3,436	21,541		25,018
Vehicles	21,583	11,680		33,253
Subtotal corrections center	<u>25,019</u>	<u>33,221</u>	<u>NOPE</u>	<u>58,271</u>
Total	<u>\$3,382,148</u>	<u>\$76,122</u>	<u>(\$1,000)</u>	<u>\$3,444,471</u>

6. LEASES

During the year ended June 30, 1994, the sheriff entered into a lease-purchase agreement for the purchase of a computer system. The lease agreement requires monthly payments of \$373 through January, 1999. In September, 1998, the sheriff entered into a lease-purchase agreement for the purchase of a printer. The lease agreement requires monthly payments of \$291 through November, 1998. In March, 1997, the sheriff entered into a lease-purchase agreement for the purchase of three automobiles. The lease agreement requires annual payments of \$33,479 through December, 1999. All debt retirement payments are made from the General Fund. The following schedule summarizes future net minimum lease requirements:

1999	28,152
2000	<u>23,479</u>
Total payments	51,631
Less interest	<u>(4,065)</u>
Total net minimum lease payments	<u>\$47,566</u>

CALDWELL PARISH SHERIFF
 Columbia, Louisiana
 Notes to the Financial Statements (Continued)

7. SHORT TERM BANK LOANS

The following schedule presents changes in operating loans for the year ended June 30, 1998:

Balance, June 30, 1997	\$100,000
Additions	125,000
Reductions	<u>(225,000)</u>
Balance, June 30, 1998	<u>NONE</u>

8. CHANGES IN GENERAL LONG-TERM DEBT

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

	Capital Leases	Certificates of Indebtedness	1997 Revenue Bonds	Total
Balance, July 1, 1997	\$89,504	\$325,743	\$2,000,000	\$2,405,247
Additions	6,268			6,268
Reductions	(26,920)	(13,210)	(150,696)	(190,826)
Adjustments	(1,207)			(1,207)
Balance, June 30, 1998	<u>\$67,576</u>	<u>\$312,533</u>	<u>\$1,849,304</u>	<u>\$2,229,413</u>

The certificates of indebtedness were issued in February, 1997, to convert short-term bank loans to a long-term basis. The certificates carry an interest rate of 9% and are due in annual installments of \$100,308, due on February 1 through 2001.

The 1997 revenue bonds were issued to fund the cost of constructing a detention center. The bonds carry an annual interest rate of 6.25% and are due in monthly installments of \$23,763 through October 2006. The following provides annual debt service requirements, including interest of \$528,182.

Year Ended June 30,:	
1999	\$285,159
2000	285,159
2001	285,159
2002	285,159
2003	285,159
2004-2007	<u>551,691</u>
Total	<u>\$2,372,486</u>

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

6. PENSION PLAN

Substantially all employees of the Caldwell Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were 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 50 with at least 10 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 per cent for each year if total service is at least 12 but less than 15 years, 2.75 per cent for each year if total service is at least 15 but less than 20 years, and 3 per cent for each year if total service is at least 20 years. Act 1117 of 1995 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1990. In any case, the retirement benefit cannot exceed 100 per cent 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 10 years of service and do not withdraw their employee contributions may retire at or after age 50 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 or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, Post Office Box 1163, Monroe, Louisiana 71220, or by calling (504) 362-5191.

Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the Caldwell Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 5.5 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Caldwell Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:185, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caldwell Parish Sheriff's contributions to the System for the years ended June 30, 1998, 1997, and 1996 were \$68,930, \$28,886, and \$20,231, respectively, equal to the required contributions for each year.

CALDWELL PARISH SHERIFF

Columbia, Louisiana

Notes to the Financial Statements (Continued)

10. POST RETIREMENT BENEFITS

The Caldwell Parish Sheriff provides certain health care and life insurance benefits for retired employees. Substantially all of the sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the sheriff. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the sheriff. The sheriff recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due, which were \$147,269 for the year ended June 30, 1998. Of these amounts, \$13,434 were for retiree benefits.

11. DEPOSITS DUE OTHERS

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

	<u>Balance at</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 1998</u>
Sheriff's Fund	\$18,009	\$121,847	(\$126,793)	\$13,063
Tax Collector Fund	70,195	3,250,795	(3,257,702)	63,288
Fines Fund	46,837	80,323	(58,899)	68,261
Correction Center:				
Commissary Fund	2,678	191,363	(179,196)	4,845
Inmate Fund	13,684	289,872	(212,373)	7,183
Detention Center:				
Commissary Fund	4,281	105,136	(116,094)	3,323
Inmate Fund	9,056	138,897	(117,328)	16,625
Total	<u>\$166,880</u>	<u>\$4,007,833</u>	<u>(\$4,013,438)</u>	<u>\$171,345</u>

12. LITIGATION AND CLAIMS

At June 30, 1998, the Caldwell Parish Sheriff is involved in several lawsuits which, in the opinion of the sheriff's legal counsel, will not result in any material liability to the sheriff.

**13. EXPENDITURES OF THE SHERIFF'S OFFICE
PAID BY THE PARISH POLICE JURY**

The Caldwell Parish Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Caldwell Parish Police Jury.

CALDWELL PARISH SHERIFF
Columbia, Louisiana
Notes to the Financial Statements (Continued)

14. RESTATEMENT OF FUND BALANCE

The June 30, 1997 fund balances of the Special Revenue Funds have been restated to correct an error in recording prior year receivables. The following reconciles fund balances of the general fund as previously reported to beginning fund balances as presented on Statement B:

Fund balances as previously reported	\$293,010
Adjustment for prior year debt service	48,468
Adjustment to prior year cash	<u>(11,837)</u>
Fund balances at July 1, 1997, restated	<u>\$329,641</u>

SUPPLEMENTAL INFORMATION SCHEDULES

CALDWELL PARISH SHERIFF
Columbia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 1998

SPECIAL REVENUE FUNDS

DETENTION CENTER OPERATING FUND

The Detention Center Operating Fund accounts for general revenue and operating expenditures of the Detention Center.

CORRECTION CENTER OPERATING FUND

The Correction Center Operating Fund accounts for general revenue and operating expenditures of the Correction Center.

CALDWELL PARISH SHERIFF
Columbia, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, June 30, 1998

	DETENTION CENTER OPERATING FUNDS	CORRECTION CENTER OPERATING FUNDS	TOTAL
ASSETS			
Cash	\$24,367	\$103,023	\$127,390
Cash with fiscal agent		48,509	48,509
Receivables	149,646	147,987	297,633
Due from other funds		13,160	13,160
TOTAL ASSETS	<u>\$174,013</u>	<u>\$311,680</u>	<u>\$485,694</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$121,466	\$53,533	\$175,000
Payroll deducts payable		(140,018)	(140,018)
Due to other funds		23,248	23,248
Total Liabilities	<u>\$121,466</u>	<u>\$16,763</u>	<u>\$7,446</u>
Fund Equity:			
Fund balance - unreserved - undesignated	\$2,347	\$75,917	\$78,264
Total Fund Equity	<u>\$2,347</u>	<u>\$75,917</u>	<u>\$78,264</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$174,013</u>	<u>\$311,680</u>	<u>\$485,694</u>

CALEWELL PARISH SHERIFF
Columbia, Louisiana
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 1988

	DETENTION CENTER OPERATING FUND	CORRECTION CENTER OPERATING FUND	TOTAL
REVENUES			
Fees, charges, and commissions for services:			
Feeding and keeping of prisoners	\$1,620,544	\$1,608,814	\$3,229,358
Commission on vending machines		2,713	2,713
Use of money and property		1,582	1,582
Other revenues	82,307	44,243	126,550
Total revenues	<u>1,882,751</u>	<u>1,656,480</u>	<u>3,539,231</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	677,711	668,285	1,346,004
Operating services	585,833	338,188	1,322,021
Materials and supplies	272,389	372,680	644,839
Travel and other		10,733	10,733
Debt service		285,164	285,164
Capital outlay	7,826	23,202	49,238
Total expenditures	<u>1,842,759</u>	<u>1,689,140</u>	<u>3,641,905</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>40,011</u>	<u>158,344</u>	<u>98,330</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>117,361</u>	<u>217,573</u>	<u>329,654</u>
FUND BALANCE AT END OF YEAR	<u>\$57,347</u>	<u>\$135,917</u>	<u>\$428,364</u>

CALDWELL PARISH SHERIFF
Columbia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 1988

FIDUCIARY FUND TYPE - AGENCY FUNDS

SHERIFF'S FUND

The Sheriff's fund accounts for the collection of funds in civil suits, sheriff's suits, and garnishments and payment of these collections to 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 is used to collect and distribute these taxes and fees to the appropriate taxing bodies. It also accounts for the collection of bonds, fines and costs, and payment of the collections to recipients in accordance with applicable laws.

FINES FUND

The Fines Fund accounts for partial payments on court fines. Funds are transferred to the Tax Collector Fund for settlement when full payment is received.

INMATE FUNDS

The inmate funds account for individual prisoner account balances. Funds are deposited in the name of the prisoner and are payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentences.

COMMISSARY FUNDS

The Commissary funds account for the purchase and resale of personal items to the inmates at the jail and the detention center.

CALDWELL PARISH LIBRARY
Columbia, Louisiana
FIDUCIARY FUND-TYPE - AGENCY FUNDS

Combining Balance Sheet, June 30, 1998

	TAX		COMBINATION FUNDS		DEFERRED FUNDS		TOTAL
	DEBITED FUNDS	CREDITOR FUNDS	COMBINATION FUNDS	DEBITED FUNDS	COMBINATION FUNDS	DEBITED FUNDS	
ASSETS							
Cash	\$11,761	\$63,388	\$68,398	\$4,805	\$7,353	\$1,551	\$172,147
Due from other funds	31		36				66
Total Assets	<u>\$11,792</u>	<u>\$63,388</u>	<u>\$68,434</u>	<u>\$4,805</u>	<u>\$7,353</u>	<u>\$1,551</u>	<u>\$172,213</u>
LIABILITIES							
Due to lending libraries and others	\$11,792	\$63,388	\$68,434	\$4,805	\$7,353	\$1,551	\$172,213

CALDWELL PARISH SHERIFF
Columbia, Louisiana
RECURRING FUND TYPE - AGENCY FUNDS

Detailed Schedule of Changes in Unaudited
Balance Sheet in Detailing Debits and Credits
For the Year Ended June 30, 1998

	SHERIFF'S COLLECTOR FUND	TAX FUND	CONNECTION CENTER COMMUNITY FUND	DETENTION CENTER COMMUNITY FUND	TOTAL
3,000,000	150,000	26,000	11,000	28,000	3,425,000
1,070		86,750			87,820
11,842					11,842
89,408		2,685,193			2,774,601
		16,268			16,268
		2,776			2,776
		58,870			58,870
		163,658			163,658
		222,314			222,314
		11,263			11,263
		3,276			3,276
		4,577			4,577
		2,241			2,241
		8,896			8,896
			170,280	113,398	283,678
		2,152			2,152
		244			244
		1,280,765			1,280,765
		1,211,890			1,211,890
		26,178			26,178
		11,827			11,827
		263,672			263,672
		114,226			114,226
		16,071			16,071
		16,000			16,000
		2,152			2,152
		1,188,112			1,188,112

**UNAUDITED BALANCES SHEET TO
TAKING DEBITS AND OTHERS
AT BEGINNING OF YEAR**

ADDITIONS

Deposits:	
Bonds	
Fines	
Overpayments	
Sheriff's bills	
Current year taxes	
Prize year taxes	
Redemptions	
Operational Expenses	
Prizes and odds	
State revenue sharing	
Prize: total	
Interest on	
-Debt/expense loans	
-SPW account	
-Prize: total	
Tax returns, etc.	
Commodity bills	
Interest: total	
Other additions	
Retains	
Total additions	
Total	

DEDUCTIONS

Deposits credited to:

State's General Fund	18,112	741,202	759,314
Other districts	179	5,386	5,565
City of Orem	8,142	60,287	68,429
Legislative	58,390		
Attorneys, appraisers, etc.	2,178		
Treasurer, State of Louisiana		2,242	2,242
Louisiana Forestry Commission		11,713	11,713
Louisiana Dept. - all agencies and programs		41,693	41,693
LA Tax Commission		209	209
Public Job		930,893	930,893
School Board		1,259,626	1,259,626
Levees		280,422	280,422
Columbia Heights Sewerage District		29,983	29,983
Reddy Water Works		6,332	6,332
Derango District		46,871	46,871
St. Amant Drainage			
Beauchamp Army		11,342	11,342
Derango Court		11,403	11,403
Indigo Drainage Board		29,273	29,273
Applied Technology		5,250	5,250
Northwest Citrus Lab		11,876	11,876
Texas Main Levee		20,278	20,278
President Neely		76,411	76,411
Redemption refunds		1,292	
Community supplies			90,339
Service agreements		412,175	412,175
Cash funds	15,000		
Other settlements	25,295	50,892	76,187
Total deductions	<u>129,192</u>	<u>3,071,731</u>	<u>3,200,923</u>
		159,156	159,156
		66,405	66,405
		81,751	81,751
		113,684	113,684
		18,112	18,112
		<u>2,673,628</u>	<u>2,673,628</u>

UNSETTLED BALANCES BY FISCAL YEAR ENDING OTHER AT END OF YEAR

	2011-12	2012-13	2013-14	2014-15
	<u>50,289</u>	<u>59,627</u>	<u>82,421</u>	<u>51,720</u>
				<u>15,720</u>

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control structure are presented in compliance with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

CALDWELL PARISH SHERIFF
Columbia, Louisiana

I have audited the general purpose financial statements of the Caldwell Parish Sheriff as of and for the year ended June 30, 1998 and have issued my report thereon dated December 29, 1998. I conducted my 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 Caldwell Parish Sheriff's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards*. Those findings are presented in the accompanying schedule of findings and questioned costs as items 98-1 through 98-6.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Caldwell Parish Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Caldwell Parish Sheriff's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-7 through 98-13.

VERNON COON
CHARTERED ACCOUNTANT

**MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS**

**SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS**

**REGISTERED ACCOUNTANT
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FAX 504.582.4545
WWW.VERNONCOON.COM

CALDWELL PARISH SHERIFF

Columbia, Louisiana

**Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.**

June 30, 1998

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe items 98-7 through 98-13 to be material weaknesses.

This report is intended for the information of the Caldwell Parish Sheriff, management of the sheriff's office and interested state agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



Wend Moore, Louisiana

December 29, 1998

CALDWELL PARISH SHERIFF
Columbia, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Caldwell Parish Sheriff.
2. Reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.
3. Instances of noncompliance material to the financial statements of the Caldwell Parish Sheriff are reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

**98-1 Need to Comply With Local
Government Budget Act**

Finding: The sheriff did not comply with certain requirements of Louisiana Revised Statutes (LRS) 49:1301-1340. Among other things LRS 49:1306(B) requires that the sheriff advertise that the budget has been adopted while LRS 49:1308(B) prohibits the adoption of a budget which projects a deficit for the year. The sheriff adopted the 1997-98 budget on June 30, 1997, however, that fact was not published in the official journal as required by the above referenced statute. Further, because of incorrect calculations by the accountant, the original adopted budget projected a deficit of \$207,102 for the year. The only amendment for the year, adopted on June 24, 1998, corrected the deficit. The adoption of an amendment to the budget one week before the end of the fiscal year serves no purpose other than to align budget amounts with actual revenues and expenditures and defeats the purpose of the budget, which is to control operations.

Recommendation: The accountant should insure that all calculations in the proposed budget are correct and that all necessary advertisements in the official journal are completed. Also, the accountant should monitor the budget and propose proposed amendments for the sheriff's consideration soon enough before year end to control operations.

(Continued)

CALDWELL PARISH SHERIFF
Columbia, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1998

**58-2 Need to Maintain Adequate
Fixed Asset Records**

Finding: The sheriff did not maintain fixed asset records as required by state law. LRS 24:515(H) requires that the sheriff maintain records of all fixed assets. The statute further provides that such records include date of purchase, initial cost, disposition, purpose of such disposition, and recipient of disposed property. The sheriff has three sets of fixed assets: (1) those at the Corrections Center, (2) those at the Detention Center, and, (3) those at the sheriff's main office, including vehicles. A list of fixed assets was not provided by the Corrections Center. A list was provided by the Detention Center, however, cost amounts were not included for all items. A list was provided for the main office, however, that list was not completed and available for the audit until December 10, 1998, over five months after the end of the fiscal year. It was also noted during the testing of fixed assets that some examined assets could not be located on the available listings.

Recommendation: The sheriff should require that responsible persons at the Corrections Center conduct a physical inventory, prepare a listing with all necessary information and, update it each year for additions and deletions. The responsible persons at the Detention Center should add cost amounts for those items on the listing where such is not present. Both the main office and Detention Center should also conduct a physical inventory during the current year and correct their listings as appropriate. Also, the accountant at the main office should maintain that listing on a current basis, making all adjustments for additions and deletions in a timely manner.

**58-3 Need to Ensure That Adequate Securities
are Pledged For Deposits With Banks**

Findings: Adequate securities were not pledged by banks for the sheriff's accounts. LRS 38:1225 provides that securities pledged by local banks shall at all times be equal to one hundred percent of the amounts on deposit by the sheriff except for that portion of the deposits which is insured (FDIC, FSLIC). At June 30, 1998, the sheriff had deposits of \$408,762 and \$273,324 with two local banks. Of these amounts, \$208,762 and \$173,324 respectively were not covered by the pledge of bank owned securities.

Recommendation: The sheriff's accountant should review deposit balances each month and determine whether adequate securities have been pledged. When deficiencies are noted, the banks should be notified and required to pledge such additional securities as is necessary.

(Continued)

CALDWELL PARISH SHERIFF
Columbia, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1998

**98-4 Need to Deposit Payroll Taxes
 Within Prescribed Time**

Findings: Payroll taxes were not paid as required. Payroll taxes for the Corrections Center are required to be paid within three days of the issuance of payroll checks. For the eight months ended February 28, 1998, the bookkeeper made late liability deposits for four months and did not make a deposit for one month until contacted by the Internal Revenue Service with a penalty notice. As a result, the sheriff's office was in violation of IRS regulations and paid \$9,614 in penalties and interest which was totally unnecessary and a waste of taxpayer money.

Recommendation: The sheriff should demand that the bookkeeper pay all payroll liabilities within the prescribed time period and take appropriate corrective action if such is not done.

98-5 Employees Paid Excess Wages

Findings: Certain employees at the Corrections Center were paid in excess of their approved salaries. Article VIII, Section 14 of the Louisiana Constitution provides that the funds of the state or of any political subdivision shall not be loaned, pledged, or donated to any person. During my testing and review of payroll operations at the Corrections Center I noted that the bookkeeper calculated employees' pay amounts on a "per month" basis (i.e., an employee with an annual salary of \$24,000 would receive a "monthly" check of \$2,000). However, employees were not paid once a month but rather every 28 days. There are 13 "28 day periods" in a year ($13 \times 28 = 364$ days). As a result, the employee in the above example would receive payment of \$26,000 rather than his correct salary of \$24,000. I noted that in April, 1998, of 29 employees, 23 received two paychecks rather than one. The amount of overpayment was \$32,700. Additional paychecks are, in reality, a bonus. The Attorney General has opined, and the courts have ruled, that bonuses are a violation of the above referenced Article and are unconstitutional.

During audit work on the above, I also reviewed payroll operations for the current year from July 1, 1998 through November 30, 1998. During that review I noted that, effective July 1st the bookkeeper changed from issuing payroll checks on a 28 day period to issuing them on a 14 day period. In determining the amount for a paycheck she simply divided the amount before July 1st by 2 (i.e., the employee in the example above who was getting \$2,000 per paycheck will now get \$1,000). The end result is the same as the above example, there are

(Continued)

CALDWELL PARISH SHERIFF
Columbus, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1998

that employees received three paychecks instead of two during the month of September. Because actions of the bookkeeper are evidently not monitored or reviewed, the office visited the correction during the audit period and also during the current year.

Recommendation: The sheriff should take immediate action to correct the payroll calculation problem and prohibit any bookkeeper from taking any such action in the future. The sheriff should also consider having payroll at all three locations calculated and paid in the same manner.

**98-6 Improper Loans From
Inmate Fund**

Finding: The bookkeeper at the Correctional Center made improper loans from the Inmate Fund to the Operating and Payroll Funds. The Inmate Fund is used to account for monies belonging to inmates of the Correctional Center. Monies in the fund belong to inmates of the center. The sheriff's office has no right or authority to use those monies for any purpose. The office serves only as a fiduciary of the monies. During my review of funds at the Correctional Center I noted that the bookkeeper loaned \$88,000 to the Operating and Payroll Funds during the year. The loans were repaid during the year except for \$25,000. I also reviewed operations for the current year from July through November and noted that \$85,600 in additional loans were made and \$77,200 in repayments were made, leaving a balance of \$41,400 due to the Inmate Fund at November 30, 1998. As discussed more fully in a later finding, due to deficiencies in accounting records at the Correctional Center these liability amounts are not evident from the funds' financial statements.

Recommendation: The sheriff should take immediate steps to repay the outstanding loans and ensure that such action does not occur in the future.

98-7 Need to Reconcile Cash Monthly

Findings: Cash accounts are not being reconciled to the accounting records. Proper internal control over cash accounts requires that all general ledger cash accounts be reconciled (agreed to) cash per bank statements each month. My review and testing of cash accounts disclosed the following deficiencies.

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1. The General Fund reconciliation included two outstanding checks at an incorrect amount and included one check as outstanding which had actually cleared. Consequently, adjusted bank statement cash did not agree with the balance in the general ledger cash account.
2. Bank reconciliations were not performed at the Detention Center for the months of April through June, 1998. According to the bookkeeper, her hard disk crashed and she was busy reconstructing her general ledger. This indicates that not only were reconciliations not performed for those three months but, more importantly, the bookkeeper was not performing adequate backup procedures on her accounting records.
3. Bank reconciliations for the Corrections Center at June 30, 1998, were not correct. The bank reconciliation for the Operating Fund showed \$9,727.51. That amount could not be located on the bookkeeper's trial balance produced by the accounting program. The reconciliation for the payroll account showed a negative balance of \$235.08 however, the bookkeeper's trial balance showed a negative balance of \$781,068.51.

Recommendation: The sheriff should require that reconciliations are performed on all bank accounts each month. Any differences between adjusted bank balances and general ledger balances should be identified and corrective action taken.

98-8 Need to Identify Agency Funds' Balances

Findings: The sheriff's office has not properly identified balances in all of its' agency funds. Internal control procedures for agency funds should include identification of balances on a timely basis. Agency funds accounts for inmates which are handled by the sheriff in his fiduciary capacity but belong to others. At June 30, 1998 the Civil Fund had a balance of \$13,724 however, the bookkeeper did not have a listing of individuals to which the balance belonged. The Tax Collector Fund had a balance of \$65,388 at June 30, 1998. Of that amount \$852 could not be identified. Testing of inmate balances included tracing ten commissary transactions to the individual inmates' accounts. For the Corrections Center, three of the ten transactions (\$091) did not agree to posting in the inmate account. Because of the

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large amount of monies belonging to other agencies and individuals for which the sheriff's office has a fiduciary responsibility (in excess of \$1,700,000 per year), it is imperative that accurate and complete records be maintained by responsible individuals.

Recommendation: The sheriff should ensure that all bookkeepers handling agency funds keep accurate and complete records of all transactions and that monthly cash balances are reconciled to subsidiary records which identify ownership of these balances.

**98-9 Need to Reconcile Payroll
Liability Accounts**

Findings: Payroll liability accounts of the Corrections Center have not been reconciled. At June 30, 1998, the bookkeeper's trial balance for the Operations Fund showed a total debit balance for payroll liabilities of \$140,018. The accounts are liability accounts and should not have debit balances. The debit balance indicates that either the accounts have large posting errors or the bookkeeper has over recorded payroll liabilities by \$140,018 or some combination of the two. Also, the Corrections Center Payroll Fund showed a total credit balance of \$239,796 for payroll liabilities. While the type of balance is correct (credit) the amount is much too large. The bookkeeper is required to remit payroll liabilities monthly after each payroll. Consequently, the amount of outstanding liabilities at any time should not exceed the amount for one payroll. Payroll liabilities for the Corrections Center are approximately \$15,000 per month, indicating that the June 30, 1998 liabilities are materially overstated. For reporting purposes, payroll accounts are normally combined with operating funds. The two above amounts combined (\$140,018 and \$239,796) leave a net credit balance of \$99,778, which would still be much too large to be correct.

Recommendation: The bookkeeper for the Corrections Center should ensure that general ledger liability accounts are correctly posted. Further, these accounts should be reconciled to actual liabilities each month. Any differences between the two should result in corrective action.

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**88-18 Controls Over Payroll
Should be Improved**

Finding: Internal control procedures over payroll operations are not adequate. Adequate controls should include time and attendance reports which have been signed by both the employee and his or her supervisor, correct computations for those reports and payments to employees for actual hours worked and at their approved rates. During the term of payroll operations, the following was noted:

1. Time and attendance reports could not be located for 50 employees.
2. One employee's time sheet was totaled incorrectly and she was overpaid.
3. Two employees had time sheets which showed 32 hours and 168 hours worked. However, both employees were paid for 160 hours each; an overpayment on one and an underpayment on the other.
4. One employee had a time card which showed 83.5 hours and a time sheet which showed 79 hours. She was paid for 83.5 hours and 50 hours.
5. Three employees received pay at rates which did not agree with approved rates.
6. Four employees at the Corrections Center were not paid for all hours charged to-tree farm work.
7. Three employees at the Corrections Center had their time cards totaled by the receptionist however, their time cards showed no times punched in or out.
8. The bookkeeper for the Corrections Center had four time cards for the month of February (one for each work). None of the time cards were punched. The time cards showed a total of 25 hours of overtime for the month. Neither the bookkeeper or her supervisor signed any of the time cards.
9. Two employees at the Detention Center were paid for more hours than their time sheets showed. The bookkeeper stated that the excess was for accrued leave but could not provide support because leave records are not maintained which provide current updated balances.

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10. It was noted that there were some Detention Center payroll checks which were dated May 1 but cleared the bank on April 30.

The above problems indicate, very strongly, that there is not adequate monitoring of payroll operations. With these types of problems, the sheriff has no assurance that employees are being paid only for hours actually worked, that employees are being paid for all hours worked, or that employees are being paid at their correct rate of pay.

Recommendation: To improve controls, it is recommended that the sheriff require and ensure that:

1. Time and attendance reports be maintained for all employees
2. Time and attendance reports are signed by the employee and his or supervisor
3. Time and attendance reports be correctly filed
4. Employees are paid for all hours reported and approved on their time and attendance reports and only for those hours.
5. Employees are paid at their approved rate of pay
6. Employees are not allowed to accrue overtime without prior approval of their supervisor
7. Leave records are maintained for all employees and are updated each pay period for changes.
8. Payroll checks are not issued prior to the check date

**98-11 Need Improved Controls
Over Expenditures**

Findings: Procedures for disbursements do not provide adequate controls. All disbursements should be supported by an original invoice or other support and an indication that the goods or services have actually been received. Further, a purchase order system should be used to control the purchase of goods and services. Testing of general expenditures disclosed the following:

1. Features of 207 disbursements (6.8%) were not adequately supported by an original invoice or other documentation.
2. Six of 78 applicable disbursements (8.6%) did not have support (signed invoice, etc.) indicating that the goods had been received.

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3. A purchase order system is not utilized at the main office or detention center.

Because the sheriff cannot personally review and approve all expenditures of his office, he must have a system in place to ensure that expenditures are in accordance with his adopted budget, are necessary for the operation of his office, and that the office received those goods and services for which it is paying.

Recommendation: To improve controls, the sheriff should implement a purchase order system at all locations and, he should ensure that the purchase order systems operate as intended. Further, responsible bookkeepers should ensure that all expenditures are supported by an original invoice or other supporting documentation and that documentation is present to show that all goods and services have been received before payment is made.

**98-12: Need to Improve Accounting
Records at Corrections Center**

Finding: Accounting records at the Corrections Center are inadequate. Accounting records for each fund should include all accounts necessary to record transactions in sufficient detail to enable the user to prepare financial statements in accordance with generally accepted accounting principles. Further, those accounts should be in sufficient detail for the governmental entity to demonstrate compliance with applicable laws and regulations. Accounting records for agency funds should be to provide sufficient information to determine the ownership of all monies in the fund. In reviewing and testing accounting records of the Corrections Center, the following was noted:

- The 67 accounts of the Operating Fund have, except for two, only account numbers without names. Of the two with names, one was created by the program itself and one was created by the bookkeeper. The only way to determine what an account is for is to look at its description. The account number and name should be self-explanatory without further examination. The accounting program used by the bookkeeper requires that accounts be classified by type (i.e., cash, current asset, non-current asset, current liability, other current liability, equity, income, expense, etc.). The program uses these classifications to produce financial statements. The Operating Fund has six accounts classified as "cash" accounts, only one of which is an actual cash account. That account has no number. It was the only account given a name by the bookkeeper.

(Continued)

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It was named "general fund", which has nothing to do with cash. The accounts classified as "other current liability" are payroll deduct accounts. Payroll deductions are charged (credited) to these accounts. When the deducts are paid to the federal or state government, etc, the accounts should be debited. This would reduce the account balance back to zero. A review of the history on these accounts disclosed that they are not posted (credited) when the deducts are made but they are posted (debited) when the liabilities are paid. Consequently, the accounts had large debit balances (\$148,038) at June 30, 1998. This means that the accounts are misstated by at least \$148,038. The fund has no accounts which are classified as "income".

Because of the deficiencies discussed above, the "balance sheet" produced by the program at June 30, 1998, shows negative assets of (\$1,861,575). Actual assets of the fund at June 30, 1998, were approximately \$302,854, which means that the program misstated assets by approximately \$1,564,827. Likewise, the balance sheet shows negative liabilities and fund equity of the same amount. The "profit and loss" statement produced by the program for the year ended June 30, 1998, shows a deficit of \$1,306,795.

2. The payroll fund maintained by the bookkeeper is also not used correctly. The purpose of a payroll fund is only to write payroll checks to employees and track payroll deductions from withholding to final payment. It has no income (revenue) or expense (operative) accounts. The writing and issuance of payroll checks causes a decrease in cash (credit), an increase in payroll deduction liabilities such as FICA (credit), and an increase in "due from Operating Fund (debit)" for the total of the two above. When the Operating Fund transfers the money it results in an increase in cash (debit) and a decrease in "due from operating fund". Finally, when the payroll deductions are paid it results in a decrease in cash (credit) and a decrease in the payroll liability accounts (debit). The final result of the above is everything in the payroll fund is back to zero. The payroll fund maintained by the bookkeeper had a total of nine accounts at June 30, 1998: (1) three accounts classified as "cash", (2) one liability account for all payroll deductions; (3) two equity accounts and; (4) three expense accounts. As noted above, a payroll fund has no expense accounts and no equity accounts. The balance sheet produced by the program at June 30, 1998 showed negative cash of (\$778,620). It also showed a balance in payroll deductions of \$239,796 and a deficit in equity of (\$1,039,416). The actual cash balance in the fund at June 30, 1998, was approximately (\$235, indicating a misstatement of \$778,389. The \$239,796 balance

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in the payroll deductions account would indicate that payroll deductions had not been remitted to the state and federal government and others all year. As noted in Finding 98-4, deductions were remitted late, but they were remitted. Obviously this amount is also incorrect. In as much as payroll funds do not have equity accounts, the \$31,019,430 is also incorrect. The "profit and loss" statement produced by the program showed a deficit of \$851,320. In as much as payroll funds do not have income and expense accounts, this whole statement is incorrect.

The bookkeeper for the Correction Center also maintains the accounting records for other funds of the center. The deficiencies in the records of these funds are basically the same as noted in the previous two sections. Based on the problems noted above with regard to the accounting records of the Correction Center, I can only conclude that the bookkeeper does not understand how to use the bookkeeping program and is not proficient enough in accounting to maintain such records. It must be understood that over \$2,980,000 a year flows through the funds maintained by the bookkeeper. The handling of that much money is a very serious responsibility and should only be done by individuals who are very proficient and responsible.

Recommendation: The sheriff should immediately take whatever action is necessary to correct the bookkeeping problems.

**98-13 Need Centralized Control
Over Bookkeeping Functions**

Findings: Accounting and bookkeeping functions of the sheriff's office are splintered. All such functions should be under the direct control of one individual. The sheriff has bookkeeping operations at the main office, the Detention Center and the Correction Center. Each operation functions separately from the other two. As indicated by the previous findings, such divided operations do not function properly and consequently, the sheriff does not have the control over accounting operations that is necessary for the proper operation of his office.

Recommendation: I recommend that all accounting and bookkeeping operations of the sheriff's office be placed under the control and responsibility of the accountant at the main office. Bookkeepers at all three locations should be answerable to only the accountant and the accountant should be answerable only to the sheriff.

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For the Year Ended June 30, 1998**97-1 Need to Improve Time Records**

Condition: This finding related to a failure to adequately utilize time sheets for payroll expenditures.

Recommendation: The auditor recommended the adoption of formal policies which required signed time sheets for all employees.

Current Status: The finding has not been corrected and is included in the current year Schedule of Findings and Questioned Costs in Finding 98-8.

97-2 Need to Reconcile Bank Accounts

Condition: This finding related to a failure to reconcile all bank accounts.

Recommendation: The auditor recommended that all bank accounts be reconciled on a monthly basis.

Current Status: The finding has not been corrected and is included in the current year Schedule of Findings and Questioned Costs in Finding 98-5.

97-3 Need to Maintain Complete Accounting Records

Condition: This finding related to a failure to maintain adequate accounting records at the Corrections and Detention Centers.

Recommendation: The auditor recommended that management of the sheriff's office ensure that complete and accurate records be maintained.

Current Status: The finding has not been corrected and is included in the current year Schedule of Findings and Questioned Costs in Finding 98-10.

(Continued)

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97-4 Need to Update Fixed Asset Listing

Condition: This was a management letter comment regarding a need to update fixed asset listings for omitted and a need to establish a listing for the Corrections Center.

Recommendation: The auditor recommended that a complete inventory be taken during the current year.

Current Status: The deficiency was not corrected and is included in the current year Schedule of Findings and Questioned Costs as Finding 98-2.

97-5 Need to Monitor Pledged Securities

Condition: This was a management letter comment regarding a failure by one bank to pledge adequate securities.

Recommendation: The auditor recommended that management review bank statements each month to ensure that adequate securities are pledged.

Current Status: The deficiency was not corrected and is included in the current year Schedule of Findings and Questioned Costs as Finding 98-3.

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Charles B. Thompson, Sheriff

Caldwell Parish Sheriff's Department
P.O. Box 40 - Main Street
Columbia, Louisiana 71418
Phone (504) 649-2345 - Fax (504) 649-8224

CORRECTIVE ACTION PLAN

The following is corrective action to be taken with regard to findings contained in the Caldwell Parish Sheriff's 1998 audit report.

PREFACE

The splintered and segmented nature of the accounting and bookkeeping functions (as referred to in finding 98-13) directly contributed to many of the findings as presented in the audit report. These splintered functions have evolved from the sudden growth of our system in the last two years from a small office with approximately 30-40 employees to an operation with nearly 100 employees at 3 separate operational centers. Each of the following corrective actions are presented as enumerated in the audit findings report but many will be part of an overall corrective plan that will be implemented to correct finding 98-13 which is the need to centralize the controls over bookkeeping functions.

Finding 98-1 Need to Comply With Local Governmental Budget Act

Management will insure that the calculations are checked for correctness before adoption and the adopted budget will be advertised in the official journal as required by statute. In addition, as part of the centralized accounting function, the budgets of each of the separate operations centers will be monitored for timely amendments and operational controls.

Finding 98-2 Need to Maintain Adequate Fixed Assets Records

The Sheriff has assigned an individual the duties of Property Control Officer whose responsibility it will be to conduct a physical inventory, correct asset listings as appropriate, and install and maintain a system to ensure that all fixed assets are accounted for and records of fixed assets are adjusted for additions and deletions in a timely manner. These records will be maintained as part of the centralized accounting functions and will no longer be maintained separately by each operation center.

**Finding 98-3 Need to Ensure That Adequate Securities
are Pledged for Deposits with Banks**

The name and style of fiduciary type accounts (i.e. the tax collector, civil, and criminal fund) have been changed to reflect their agency fund status. In addition, the inmate accounts names will be changed to reflect their agency fund status. This reaming of funds will serve to increase the FDIC coverage afforded to these accounts especially the tax account. In addition, the accountant at the central office will check the balances after the monthly reconciliations have been completed, or sooner if particularly large deposits have been made, and determine if securities are needed and notify the banks. Since all major accounts will kept in a centralized location, the records needed to accomplish this task will be more readily available.

**Finding 98-4 Need to Deposit Payroll Taxes
Within Prescribed Time**

The individual responsible for this occurrence will no longer be responsible for payroll functions. Payroll payment and accounting functions, including the remittance of payroll taxes for all operations centers, will be centralized at the main office beginning in January 1999 and all payroll tax deposits will be made on a timely basis.

Finding 98-5 Employees Paid Excess Wages

The payroll accounting functions for all operations will be centralized beginning in January 1999 and all salaries of employees that have been improperly calculated will be adjusted to reflect the correct salaries as authorized before this incident occurred. Centralizing this function will eliminate this mistake occurring due to such splintered operations.

**Finding 98-6 Improper Loans From
Inmate Fund**

The Sheriff's office will arrange to immediately repay these outstanding loans. Since the accounting functions of the operations and payroll fund of the Corrections Center will be centralized at the main office, the accountant there will insure this does not occur in the future.

Finding 98-7 Need to Reconcile Cash Monthly

The general fund is reconciled monthly and all differences are identified and appropriate corrective action is taken.

The centralization of the accounting functions of the Detention Center Operations Fund will put their reconciliation function under the supervision of the accountant there and insure that they are done monthly. In addition, a tape backup will be installed in the computer system at the Detention Center and a responsible representative will be trained in the correct procedure for the timely backup of data there. A system administrator will be responsible for insuring all backups are conducted in a timely manner.

The reconciliations of the Corrections Center operation account will be performed by central office personnel on an entirely different computer system under the supervision of the accountant there. This should eliminate any differences that cannot be identified and properly corrected. In addition, a tape backup will be installed in the computer system at the Corrections Center and a responsible representative will be trained in the correct procedure for the timely backup of data there. A system administrator will be responsible for insuring all backups are conducted in a timely manner.

98-8 Need to Identify Agency Funds' Balances

A copy of each monthly bank reconciliation will be filed at the central accounting office. This reconciliation shall include a listing of ownership of balances in the agency funds. A review of the procedures used at the Corrections Center will be conducted to determine why such inaccuracy between the community transactions and the inmate's accounts happened and appropriate changes will be made to insure accurate subsidiary records are maintained.

98-9 Need to Reconcile Liability Accounts

All payroll and operational account bookkeeping functions of the Corrections Center will be centralized at the main office and these liability accounts will be maintained by different personnel on a different system which will accurately post payroll liability accounts when payroll is done. This will eliminate any differences between liability accounts and actual liabilities that cannot be appropriately corrected monthly.

**98-10 Controls over Payroll
Should be Improved**

As previously mentioned, the payroll function for all operations will be centralized at the main office beginning in January 1999. As part of this centralization, we will institute the use of some type of clock sheet to insure that all persons who are issued a paycheck will have a time and attendance record that accurately supports the salary or wages paid to that individual and that this attendance record is signed by both the individual and their supervisor assuring the bookkeeper that overtime has been approved. Beginning in January 1999 a review of each employee's payroll records will be conducted to determine if the approved rate of pay agrees with the rate paid. In addition, the Chief Deputy has been assigned the task of revising the leave policy and working with the new payroll and personnel department to set up a system to accurately record and maintain leave records for each employee. No payroll checks will be issued prior to check dates.

**98-11 Need Improved Controls
Over Expenditures**

As a part of the centralization of accounting at the main office a new purchasing policy will be set up. This purchasing policy will include the use of purchase orders signed by the requestor to determine the need for the purchase and receipt of approval by proper persons before the purchase is made. The purchase order will become part of the documentation of the expenditures. In addition, before expenditures are paid or filed, the bookkeeper will ensure that documentation supporting the expenditure and indicating the receipt of the good or service is present.

**98-12 Need to Improve Accounting
Records at Correction Center**

Beginning as soon as possible in January 1999, the operating fund of the Correction Center will be maintained at the main office. As stated previously, the payroll function for all centers will be centralized at the main office beginning in January 1999. In addition, as stated in 98-04, a review of the accounting procedures used will be conducted to determine appropriate changes to insure accurate and timely posted records of inmate and commissary accounts.

**88-12 Need Centralized Control
Over Bookkeeping Functions**

For the recommendation of the audit report, and beginning in January 1998, all accounting and bookkeeping operations of the sheriff's office will be placed under the control and responsibility of the accountant at the main office. Bookkeepers at all locations will be answerable only to the accountant and the accountant only to the sheriff. In addition, to provide consistency of accounting and improve budgetary control, all payroll functions and operating account functions will be centralized at the main office under the direct supervision of the accountant there.

Respectfully submitted,



Charles H. Thompson,
Caldwell Parish Sheriff