



CADDO PARISH SHERIFF  
Shreveport, Louisiana

Tax Collector Agency Fund

Financial Statements

June 30, 1997 and 1996

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Donald H. Hathaway  
Caddo Parish Sheriff and Ex-Officio  
Parish Tax Collector  
Shreveport, Louisiana

We have audited the accompanying financial statements of the Tax Collector Agency Fund of the Caddo Parish Sheriff as of and for the years ended June 30, 1997 and 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 audits 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 audits provide a reasonable basis for our opinion.

As described in note 1, the Caddo Parish Sheriff is the ex-officio parish tax collector for the various taxing bodies within Caddo Parish, and the accompanying financial statements present information only on the Caddo Parish Sheriff's activities as parish tax collector. Also, as described in note 1, the accompanying financial statements have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the assets and liabilities arising from cash transactions of the Tax Collector Agency Fund of the Caddo Parish Sheriff as of June 30, 1997 and 1996, and the collections, distributions, and unvested balances of the Tax Collector Agency Fund of the Caddo Parish Sheriff for the years then ended, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued a report dated October 3, 1997, on our consideration of the Caddo Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*KPMG Peat Marwick LLP*

October 3, 1997

CADDO PARISH SHERIFF  
Shreveport, Louisiana

Tax Collector Agency Fund

Statement of Assets and Liabilities Arising from Cash Transactions

June 30, 1997 and 1996

<i>Assets</i>	<i>1997</i>	<i>1996</i>
Cash	\$ <u>1,134,882</u>	<u>3,352,959</u>
<i>Liabilities</i>		
Unsettled balances due to taxing bodies and others	\$ <u>1,134,882</u>	<u>3,352,959</u>

See accompanying notes to financial statements.

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

**Tax Collector Agency Fund**

**Statement of Collections, Distributions, and Unsettled Balances**

Year ended June 30, 1997 and 1996

	1997	1996
Unsettled balances due to taxing bodies and others, at beginning of year	\$ <u>1,332,950</u>	<u>1,087,831</u>
<b>Collections:</b>		
Ad valorem taxes	68,421,315	63,220,524
State revenue sharing	3,097,435	5,193,234
Sporting licenses	428,749	458,142
Interest income on demand deposits	218,317	172,969
Refunds and redemptions	778,243	625,730
Special Fire Tax	—	345,522
Miscellaneous costs	<u>18,082</u>	<u>22,879</u>
Total collections	<u>73,964,081</u>	<u>75,049,098</u>
<b>Distributions:</b>		
Louisiana Tax Commission	41,312	28,006
Louisiana Department of Treasury	946,507	290,526
Louisiana Department of Agriculture and Forestry	24,910	24,248
Louisiana Department of Wildlife and Fisheries	945,954	307,482
<b>Caddo Parish:</b>		
Commission	23,875,825	25,128,510
School Board	28,788,123	37,431,097
Sheriff	12,283,022	10,806,834
Assessor	1,853,688	1,836,090
Waterworks districts	37,807	28,173
Sewerage districts	185,200	180,183
Fire protection districts	3,634,613	2,625,850
Hospital district	194,350	181,448
Levee district	18,634	—
Shreve Memorial Library	7,463,871	8,553,543
Red River Waterway Commission	3,151,380	2,683,218
Caddo/Dossier Port Commission	1,753,739	1,679,450
Prison funds	2,658,159	2,475,701
Refunds and redemptions	<u>1,011,258</u>	<u>1,132,820</u>
Total distributions	<u>82,162,131</u>	<u>87,753,689</u>
Unsettled balances due to taxing bodies and others, at end of year	\$ <u>1,154,982</u>	<u>3,302,890</u>

See accompanying notes to financial statements.

CADDO PARISH SHERIFF  
Shreveport, Louisiana

Tax Collector Agency Fund

Notes to Financial Statements

June 30, 1997 and 1996

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

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Caddo Parish Sheriff ("Sheriff") is the ex-officio parish tax collector ("Tax Collector") and is responsible for collecting and distributing all valuation property taxes, state revenue sharing funds, and angling, hunting, and trapping licenses.

**(A) Reporting Entity**

Louisiana Revised Statute 24:531(1)(B) requires that the accounts of each parish tax collector be audited annually. Accordingly, the accompanying financial statements reflect the financial activity of the Tax Collector relating only to the Sheriff's responsibility as ex-officio parish tax collector. These financial statements do not present the financial position and results of operations of the Sheriff. Amounts included in these financial statements are also included in the Sheriff's annual financial statements. The Sheriff is a component unit of the Caddo Parish Commission (governing authority of the parish) for financial reporting purposes; however, the position of the 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 Commission. The Commission has an obligation to furnish the Sheriff office space and minimal financial support according to state statutes.

**(B) Basis of Presentation**

The accounts of the Tax Collector are established to reflect the collections imposed by law, distributions pursuant to such law, and uncollected balances due various taxing bodies and others. The accompanying financial statements have been prepared on the cash basis of accounting, with collections recognized when received and distributions reflected when paid. As such, the accompanying financial statements do not reflect any accrued receivables or payables associated with tax collection activities.

**(C) Basis of Accounting**

The Caddo Parish Sheriff Tax Collection function is presented as an Agency Fund. Agency funds are recorded in nature (assets equal liabilities) and do not present results of operations or have a measurement focus.

(Continued)

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

Tax Collector Agency Bond

Notes to Financial Statements

**(D) Cash and Cash Equivalents**

State law authorizes the Tax Collector to deposit tax collections in interest-bearing accounts with a bank domiciled in the parish when the funds are collected. Furthermore, state statutes authorize the Tax Collector to invest in direct United States Treasury obligations; indorsements issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indorsements 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.

**(2) Cash**

At June 30, 1997 and 1996, the carrying amount of the Tax Collector's deposits was \$1,154,882 and \$1,332,830, respectively. The bank balance was \$1,250,635 and \$1,321,654 for 1997 and 1996, respectively. The difference in the balance for each year is due to outstanding checks.

The entire balance of the Tax Collector's deposits were in interest-bearing accounts at year end. These deposits, representing asserted tax collections, are secured through federal deposit insurance and the pledge of bank-owned securities held in custodial banks in the name of the Tax Collector.

**(3) State Revenue Sharing Funds**

The revenue sharing funds provided by Louisiana Act 943 of 1991 were distributed as follows:

	1997	1996
<b>Caddo Parish:</b>		
Assessor	\$ 185,030	102,269
Commissioner	1,150,245	1,235,304
Notary Board	1,897,215	2,138,183
Sheriff	651,579	654,628
Waterworks districts	670	670

(Continued)

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

**Tax Collector Agency Fund**

**Notes to Financial Statements**

	1997	1996
Sewerage district	\$ 3,318	3,849
Fire protection district	181,804	186,850
Shreve Memorial Library	427,990	223,686
Levee district	19,457	28,878
Rail Road Waterway Commission	117,898	126,573
Passion funds	<u>388,803</u>	<u>383,821</u>
<b>Total</b>	<b>\$ 1,168,269</b>	<b>\$ 1,193,256</b>

At June 30, 1997, \$9,128 is included in the unapplied balances due to a March 1997 revenue sharing payment to the Caddo Levee District that was not distributed until September 1997.

**(4) Protest Taxes**

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the Tax Collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the Tax Collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the Tax Collector refunds the amount due, with interest at the rate of 2% per annum from the date the funds were received by the Tax Collector. At June 30, 1997 and 1996, the Tax Collector held \$388,807 and \$284,231, respectively, in protest taxes.



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

The Honorable Donald E. Hathaway  
Caddo Parish Sheriff and Ex-Officio  
Parish Tax Collector  
Shreveport, Louisiana

We have audited the financial statements of the Tax Collector Agency Fund of the Caddo Parish Sheriff as of and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated October 3, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Sheriff in a separate letter dated October 3, 1997.

This report is intended for the information of the Caddo Parish Tax Collector's management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

October 3, 1997

October 3, 1997

**CONFIDENTIAL**

The Honorable Sheriff Donald G. Hatterway  
Cade Parish Sheriff  
Greenville, Louisiana

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

During our audits, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These matters 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:

**CADDE PARISH SHERIFF**

**FEDERAL GRANTS**

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

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

### OPERATING BUDGET

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

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

### SYSTEMS RESOURCES

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

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

### TAX COLLECTOR

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

- In March 1997, the Director of Tax Collections resigned and management has not filled the position. During the time since the resignation, the Director's duties have been performed by certain members of management and the Internal Auditor, which has taken time away from their other duties.
- The new computer system implemented in the tax department had some apparent programming problems that prevented the generation of financial statements at the end of the year. When distributions were made, rather than posting the distribution amounts to expense accounts, the system would charge the revenue account, causing the distribution to have net the contribution amounts. This situation appears to have remained undetected for an extended period and resulted in a considerable amount of work by the Internal Auditor to generate financial statements using fixed spreadsheets which were utilized to perform our audit.

The Honorable Sheriff Donald E. Hathaway  
Caddo Parish Sheriff  
October 3, 1997  
Page 3

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

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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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# Don Hathaway

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December 18, 1992

Under provisions of State law, this report is a public document. A copy of this report has been submitted to the auditor, or his/her, or any other appropriate state officials. This 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.

Mr. Daniel G. Kyle, CPA, CFE  
Legislative Audit Advisory Council  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-0397

Dear Mr. Kyle:

Release Date \_\_\_\_\_

In reference to auditor's comments in the management letter dated October 3, 1992, the four matters noted have been addressed as follows:

### Federal Grants

Procedures are being implemented for the grant coordinator to forward grant application documentation to accounting personnel to maintain with a log of all grant receipts. Quarterly grant meetings will be conducted to communicate and update the status of all files and accounting records.

### Operating Budget

The approved operating budget and amendments will be verified to the financial statements by the Comptroller and Internal Auditor.

### System Reports

At the time of the audit, our office was in the process of converting fixed asset records to the new software system. Consultants and programmers with our software vendor will be working with us throughout the year to complete and improve various aspects of the fixed assets and payroll applications.

**Tax Collector**

The Tax Director position has not been filled at this time, but we are continuing to review applications for qualified candidates.

The tax system software vendor will be completing the work on all open issues related to the tax application, as well as the interfacing of the financial statement data which should prevent future problems with generating statements.

Please contact us should you have other questions or requests.

Sincerely,

**DON HATHAWAY, SHERIFF**



**Beverly Steiner  
Comptroller**

cc: Sheriff Hathaway  
Asst. Chief Marcus Williams