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CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements

June 30, 1988

(With Independent Auditors' Report Thereon)

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

Release Date: JUNE 7 1988

CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements

Year ended June 30, 1998

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INDEPENDENT AUDITORS' REPORT

The Honorable Donald E. Haraway
Cadeo Parish Sheriff
Shreveport, Louisiana

We have audited the accompanying financial statements of the Cadeo Parish Sheriff, a component unit of the Cadeo Parish Commission for financial reporting purposes, as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These financial statements are the responsibility of the Cadeo Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cadeo 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.

As described in note 14 to the financial statements, the Cadeo Parish Sheriff adopted the provisions of *Governmental Accounting Standards Board Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and *No. 32, Accounting and Financial Reporting for Interest Revenue Cash Section 457 Deferred Compensation Plans* in 1998.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 21, 1998, on our consideration of the Cadeo Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Cadeo Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG Peat Marwick LLP

September 21, 1998

CADDO PARISH SHERIFF
Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

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

Assets and Other Credits	Governmental Fund Type - General Fund	Enterprise Fund Type - Agency Funds	Account Groups		Totals (Parenthetical Only)	
			General Fund Assets	Special Fund Liabilities	1988	1987
Cash and cash equivalents	\$ 4,512,789	1,000,000	-	-	5,512,789	4,918,789
Investments	4,851,750	-	-	-	4,851,750	500,000
Receivables	80,000	-	-	-	80,000	80,000
Fund assets	-	-	1,770,000	-	1,770,000	1,410,000
Amounts to be provided for non-expendable assets	-	-	-	1,000,000	1,000,000	900,000
Amounts to be provided for contingencies	-	-	-	100,000	100,000	100,000
Total assets and other credits	\$ 9,444,539	1,000,000	1,770,000	1,100,000	12,314,539	7,428,789
Liabilities, Equity, and Other Credits						
Liabilities						
Accounts payable	\$ 87,114	-	-	-	87,114	80,000
Accounts receivable	38,871	-	-	-	38,871	10,786
Debt in process/deferred refunds	-	1,000,000	-	-	1,000,000	1,000,000
Accounts payable - contingencies	-	-	-	1,000,000	1,000,000	890,000
Other payables	30,000	-	-	100,000	130,000	100,000
Total liabilities	\$ 156,985	1,000,000	-	1,100,000	1,217,115	2,070,786
Equity and Other Credits						
Reserve for capital improvements	-	-	1,770,000	-	1,770,000	1,410,000
Unexpended fund assets and other credits	4,851,750	-	-	-	4,851,750	4,370,789
Total liabilities, equity, and other credits	\$ 1,588,735	1,000,000	1,770,000	1,100,000	5,458,735	4,441,575
	\$ 7,855,804	1,000,000	1,770,000	1,100,000	11,725,804	7,428,789

See accompanying notes to financial statements.

CADDO PARISH SHERRIFF
Shreveport, Louisiana

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

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

	<u>1998</u>	<u>1997</u>
Revenues:		
Ad valorem taxes	\$ 10,594,511	10,574,488
Intergovernmental revenues:		
Federal grants	186,400	66,347
State grants:		
Grants	398	123,413
Revenue sharing	699,852	413,627
Supplemental pay	711,690	699,127
Fees, charges, and commissions for services:		
Commissions on state revenue sharing	504,783	353,893
City and criminal fees	1,316,427	1,741,813
Court attendance	28,441	88,239
Administrative - Caddo Correctional Center (CCC)	418,036	380,888
Transporting prisoners	34,335	23,242
Interest	290,679	184,771
Miscellaneous	72,861	26,810
Total revenues	<u>15,381,860</u>	<u>14,816,608</u>
Expenditures:		
Current - public safety:		
Personnel services and related benefits	9,684,848	8,581,648
Operating services	1,624,118	1,489,923
Materials and supplies	724,582	718,117
Other charges	984,853	918,184
Debt service	118,676	118,676
Capital outlay	647,187	973,830
Payments to CDC	975,085	611,988
Total expenditures	<u>14,828,374</u>	<u>14,415,366</u>
Excess of revenues over expenditures	553,486	399,242
Other financing sources - proceeds from:		
Sale of general fixed assets	41,160	47,628
Excess of revenues and other financing sources over capital issues	694,646	377,118
Fund balance at beginning of year	4,212,299	2,835,232
Fund balance at end of year	<u>\$ 4,906,945</u>	<u>4,212,350</u>

See accompanying notes to financial statements.

CADDO PARISH SHERIFF

Shreveport, Louisiana

General Fund

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

Year ended June 30, 1998

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

		1998		Variance - Favorable (if favorable)	1997
		Budget	Actual		Actual
Revenues:					
Property taxes	\$	10,508,000	10,899,823	390,823	10,827,501
Fines and interest on loans		155,000	62,134	(92,866)	137,353
Fees		2,000	2,120	120	1,918
Hunting and Fishing License		64,000	67,412	3,412	33,158
Gaming fees		70,000	72,889	2,889	68,800
State grants		100,000	8,679	(91,321)	166,940
State revenue sharing		810,000	823,815	13,815	951,379
State supplemental pay		600,000	707,884	107,884	686,188
State revenue sharing - commissions		300,000	372,180	72,180	335,142
State permits		4,000	1,045	(2,955)	-
Federal grants		25,000	185,653	160,653	25,171
Overseas contributions		20,000	36,620	16,620	38,342
Civil and criminal fees		250,000	473,743	223,743	359,689
Court attendance		43,000	47,627	4,627	45,211
Transporting prisoners		25,000	28,986	3,986	23,374
Outside civil service		125,000	109,682	(15,318)	109,167
History fees		7,000	6,690	(310)	6,980
Patrol of vessels		-	6,823	6,823	-
Accident reports		3,000	4,941	1,941	5,409
Tax collection fees		80,000	87,000	7,000	103,090
CCJ - accounting and administrative services		400,000	418,036	18,036	392,688
Civil and bail bond fees		43,000	71,186	28,186	48,183
Commissions on fees		105,000	88,142	(16,858)	108,787
Criminal fees		100,000	108,738	8,738	105,000
Appearance bond forfeitures		45,000	29,338	(15,662)	48,526
Interest earned on investments		185,000	379,841	194,841	202,893
Witness and parole fees		100,000	150,939	50,939	118,899
Criminal services		1,000	-	(1,000)	-
Gas permit fees		33,000	23,290	(9,710)	29,400
Background checks		40,000	11,810	(28,190)	31,895
Tax return fees		1,500	700	(800)	1,500
Youth activities fund		-	6,395	6,395	-
Dedicated funds		-	44,208	44,208	-
Miscellaneous revenue		15,000	36,717	21,717	39,811
Total revenues		14,647,500	15,331,508	684,008	15,187,811

CADDO PARISH SHERIFF
Barringer, Louisiana

General Fund

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

Year ended June 30, 1998

(With actual comparative amounts for the year ended June 30, 1997)

	1998		Variance - Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Expenditures:				
Personal services	\$ 18,185,808	9,608,677	8,577,131	8,558,291
Contractual services	1,714,508	1,793,051	(78,543)	1,893,440
Materials and supplies	783,908	734,133	49,775	734,488
Statutory charges	117,400	158,637	(41,237)	133,490
Other charges	1,357,000	1,525,082	(168,082)	1,394,022
Capital expenditures	680,000	231,883	448,117	738,486
Total expenditures	<u>14,677,624</u>	<u>14,841,343</u>	<u>163,719</u>	<u>14,877,860</u>
Excess (deficiency) of revenues over expenditures	(30,808)	1,262,137	1,322,945	1,078,734
Other financing source - proceeds from sale of general fixed assets	30,808	53,827	23,019	38,553
Excess of revenues and other financing source over expenditures	-	1,349,964	1,349,964	1,161,287
Fund balance at beginning of year	<u>4,212,391</u>	<u>4,212,391</u>	<u>-</u>	<u>3,815,253</u>
Fund balance at end of year	<u>\$ 4,212,391</u>	<u>3,962,331</u>	<u>250,060</u>	<u>4,836,340</u>

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(1) Summary of Significant Accounting Policies

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

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

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

(a) Reporting Entity

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is financially dependent on the primary government as an entity which when excluded would create misleading or incomplete financial statements should be included in its reporting entity.

The position of Sheriff is a constitutional office and as such has power to set budgets, call for elections, and appropriate funds with no oversight or review by the Caddo Parish Commission (the "Commission"). The Commission has an obligation to furnish the Sheriff office space and minimal financial support according to state statutes. The Commission is not responsible for the financing of deficits of the Sheriff, nor is it entitled to receive any surplus. The Sheriff is included in the reporting entity of the Caddo Parish Commission for financial reporting purposes due to the financial relationships between the entities and the exclusion of the law enforcement function of Parish government would make the financial statements misleading and incomplete.

CADDO PARISH SHERIFF
Bossierport, Louisiana

Notes to the Financial Statements

June 30, 1988

By agreement between the Sheriff and the Commission, the Sheriff manages and operates the jail facility. The Sheriff maintains accounting records, prepares annual budgets, and prepares financial information. The maintenance and operation of the Caddo Correctional Center is funded by the one-quarter cent sales tax. The Sheriff receives directly all funds generated from any source as a result of operations of the jail, including commissions, telephones, and grants, all of which are dedicated to the operation of the jail facility. Through December 31, 1987, the Commission received from the Sheriff a portion of the monies received by the Sheriff from the housing of non-parish prisoners for its maintenance costs of the jail facility related to these prisoners. This amount was repaid by the Parish Administrator and the Sheriff based on actual maintenance and operating costs. Effective January 1, 1988, this financial arrangement between the Sheriff and Parish Administrator ended. No other financial arrangement has been negotiated between the Sheriff and Parish Administrator. Ultimate responsibility for the facility remains vested in the Commission. The financial operations of the facility are reflected in the financial statements of the Commission and are not reflected in the financial statements of the Sheriff.

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

The accounting policies of the Sheriff conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(B) Basis of Presentation

The accounts of the Sheriff are organized on the basis of funds or account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are utilized:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance (not current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, the General Fund is said to present a summary of sources and uses of "available spendable resources" during a period.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

General Fund

The General Fund, as provided by Louisiana Revised Statute 23:1422, is the principal fund of the Sheriff and accounts for the operations of the Sheriff. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district and the school state revenue sharing. 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, etc. General operating expenditures are paid from this fund.

Fiduciary Funds

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

Agency Funds

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

Account Groups

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

(C) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 2008

Expenditures are recognized when the related fund liability is incurred. The accompanying financial statements have been prepared on the modified accrual basis of accounting, except for the Tax Collector Agency Fund, which is prepared on the cash basis of accounting, which approximates the modified accrual basis of accounting.

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

Revenues

Ad valorem taxes and commissions earned from the related state revenue sharing are recorded in the year the taxes become due and payable. Ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 16. The taxes are generally collected in December, January, and February of the fiscal year. The lien date is January 1.

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

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

Expenditures

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

The Fiduciary Funds (Agency Funds) use the following practices in recording additions and reductions:

Additions

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

Reductions

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(3) Budgetary Accounting

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

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

(4) Reconciliation and Budget

Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

(5) Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus where the focus is upon determination of changes in financial position rather than upon net income determination.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Such assets are valued at historical cost, if purchased, and at fair market value at date of gift, if donated. No depreciation has been provided for assets accounted for in the General Fixed Assets Account Group.

CALIBO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the General Fund.

The two account groups are not "funds." They are concerned only with the management of financial positions. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to include amounts represented by measured liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Obligations Account Group.

(5) Compensated Absence

Employees of the Sheriff's office earn from 18 to 30 days of vacation leave and sick leave each year, depending upon their length of service. Employees resigning or being discharged employees may be paid for unused vacation leave at their current rate of pay. Sick leave accrued is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The Sheriff accrues costs incurred for vacation leave in the General Long-Term Obligations Account Group. Accrued sick leave benefits are not accrued due to the Sheriff's policy of not paying benefits upon termination. No accrual is made in the General Fund because the current portion of the liability does not exceed a normal year's accumulation of benefits and is deemed immaterial.

(6) Investments

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

State statute generally authorizes the Sheriff to invest in direct United States Treasury obligations, institutions issued or guaranteed by federal governmental agencies* (provided such obligations are backed by the full faith and credit of the U.S. government), institutions 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. In addition, local governmental entities in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local governmental investment pool. LAMP is not registered with the SEC as an investment company. LAMP is subject to the regulatory oversight of the state treasurer and its board of directors and may only invest in securities permissible under state statute for municipalities and parishes, generally as described above. The fair value of the position in the pool approximates the value of the pool shares. For financial reporting purposes investments with the LAMP are treated as cash equivalents.

CALIBO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(7) **Claims and Judgments**

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

(8) **Total Columns**

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

(9) **Comparative Total Data**

Comparative amounts and total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Sheriff's financial position. However, comparative data (i.e. presentation of prior year totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

(10) **Budgetary Data**

The budget is adopted on a cash basis which means that for budgetary purposes revenues and expenditures are recorded in the year received (paid) rather than in the year earned (incurred).

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

Adjustments necessary to convert the excess of revenues over expenditures at the end of the year on the budgetary basis to a basis consistent with generally accepted accounting principles (GAAP) are as follows:

Excess of revenues over expenditures (budgetary basis)	\$	1,349,264
Accrual of capital outlay at June 30, 1998		(257,284)
Accrual of other expenses at June 30, 1998		(481,515)
Accrual of other expenses at June 30, 1997		309,228
Accrual of revenues at June 30, 1998		183,089
Accrual of revenues at June 30, 1997		(289,218)
Net revenue and expenditure accounts		<u>(635,410)</u>
Excess of revenues over expenditures (GAAP basis)	\$	<u>694,972</u>

CADDO PARISH SHERIFF
 Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(3) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes as of June 30, 1998:

	Authorized Millage	Levied Millage	Expiration Date
Law enforcement	4.88	4.88	None
Law enforcement:			
General services	1.95	1.95	12/31/02
Continued general services	3.16	3.16	12/31/02
Continued general services	3.00	3.00	12/31/00
Additional services	1.95	1.95	12/31/00

The above items represent separate millages authorized by the voters.

(4) Cash and Cash Equivalents

All deposits of the Sheriff are held by area financial institutions. As June 30, 1998, the Sheriff's deposits were entirely insured by Federal depository insurance or collateralized with securities held in the name of the pledging fiscal agent bank. As of June 30, 1998, the carrying amount of the Sheriff's cash deposits was \$2,081,320 and the bank balance was \$4,193,208. The difference in the bank balance and the carrying amount is due to the outstanding checks at June 30, 1998. In addition, the Sheriff had \$3,117,793 invested with the L&MP as June 30, 1998. This investment is treated as a restricted fund and is considered a cash equivalent for financial reporting purposes.

(5) Investments

At June 30, 1998, investments held are as follows:

	Carrying Amount	Market Value
General Fund - U.S. Agency obligation held by Federal Reserve Bank for the account of the Sheriff and recorded by the financial institution as purchased by the Sheriff (Category 1)	\$ <u>1,487,318</u>	<u>1,487,318</u>

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

CADDO PARISH SHERIFF
 Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(6) Receivables

Receivables at June 30, 1998, are as follows:

Intergovernmental revenues:		
State funding	\$	64,487
Fees, charges, and commissions for services:		
CIVS and criminal fees	71,945	
Court attendance	12,180	
Transportation of prisoners	8,761	
Rebonds and reimbursements	13,620	
Sales commissions	5,886	
Sale of used vehicles	430	
Other	790	
Total	\$	<u>185,489</u>

(7) General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
Office furniture and equipment	\$ 7,844,128	132,088	140,279	6,935,857
Computer software	293,964	28,224	-	322,188
	\$ 8,138,092	260,312	140,279	8,258,125

(8) Defined Benefit Pension Plan

(a) Description of Plan

The Sheriff provides retirement, death, and disability benefits to substantially all of its employees through the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. All sheriffs and all deputies who are found to be physically fit at the time of original employment are required to participate in the System.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

(8) Funding Status and Progress

Benefit provisions are established in accordance with Louisiana State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Sheriff's Pension and Relief Fund of Louisiana, P.O. Box 3182, Monroe, LA 71218-3182.

Funding Policy

Contributions to the System include one-half of one percent of the taxes shown or to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:805, the employee contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Covered employees were required to contribute 2.7% of their salary for the years ending June 30, 1988, 1997, and 1998. The Sheriff is required to contribute 3%, 6%, and 6% of covered employees' salaries for the years ending June 30, 1998, 1997, and 1996 respectively. The Sheriff's contributions for the years ending June 30, 1998, 1997, and 1996 were \$285,216, \$466,881, and \$419,356, respectively, equal to the required contribution for each year. In accordance with GASB 27, the pension liability was determined to be zero. Prior to adoption of GASB 27 the Sheriff did not report a pension liability for the System.

(9) Postretirement Benefits

In addition to the pension benefits described in note 8, the Sheriff provides certain continuing postretirement health care and life insurance benefits through the Louisiana Sheriff's Association Group Benefit Plan in accordance with state statute to all retired employees who were participants of the Plan prior to their retirement date. The premiums for retiree health insurance are paid by the Sheriff with life or dependent care premiums being paid by the retiree. The Sheriff recognizes the cost of providing these benefits on a pay-as-you-go basis as an expenditure when the monthly premiums are due. At June 30, 1998, there were 85 retirees receiving benefits. The Sheriff's cost of benefits provided to retirees was approximately \$18,350 for 1998.

(10) Lease Commitments

At June 30, 1998, the Sheriff has twenty-eight noncancelable operating leases. The building's and facilities' leases are for the Vivian sub-station, operations center, academy, Station building (2 locations), and radio tower.

CADDO PARISH SHERIFF
 Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

The minimum annual costs benefits under noncancelable operating leases are as follows:

Fiscal year:	
1998-99	\$ 191,204
1999-00	113,338
2000-01	<u>208</u>
Total	\$ <u>304,750</u>

Total rental expense under operating leases was approximately \$103,000 and \$114,000 for 1998 and 1997, respectively.

(ii) Long-Term Obligations

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

	<u>Balance</u> <u>July 1, 1997</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 1998</u>
Account compensated advances	\$ 838,342	72,208	1,806,642
Note payable	<u>232,181</u>	<u>(106,890)</u>	<u>115,181</u>
Total	\$ <u>1,070,523</u>	<u>134,898</u>	<u>1,921,823</u>

During 1998 the Sheriff borrowed \$115,000 at a fixed interest rate of 6.75% for the purchase of computer software and payment of training costs. The note payable is to be paid over a four year period. Payments of principal and interest of \$9,890 are due each month through June 1, 2000. Annual requirements, including interest, to amortize the note payable are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 187,805	11,625	199,430
2000	<u>113,180</u>	<u>5,477</u>	<u>118,657</u>
	\$ <u>300,985</u>	<u>17,102</u>	<u>318,087</u>

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1998

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

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

	<u>Balance</u> <u>July 1,</u> <u>1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>1998</u>
Agency funds:				
Tax Collector	\$ 1,154,882	121,614,948	122,203,871	603,959
Other	318,248	4,823,982	4,948,982	486,375
Total	\$ 1,473,130	126,438,930	127,152,853	1,018,334

(13) Contingencies, Litigation, and Claims

Litigation

As June 30, 1998, the Sheriff is named as defendant in several lawsuits. In the opinion of the Sheriff's legal counsel, no claims or suits exist for which there is insufficient insurance coverage and resolution of these matters will not have a material adverse effect on the financial condition of the Caddo Parish Sheriff's Office.

Grants

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

Risk Management

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1995

(14) Accounting Changes

The Sheriff implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement establishes accounting and financial reporting standards for all investments held by governmental external investment pools. For most other governmental entities, it establishes fair value standards for investments in participating interest-bearing investment contracts, external investment pools, open-end mutual funds, debt securities, and equity securities, option contracts, money warrants and stock rights that have readily determinable fair values. Investments are reported at fair value on the balance sheet. The adoption of GASB 31 had no material effect on the carrying amounts of investments at June 30, 1995.

The Sheriff implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, in 1994. This statement establishes accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governmental employers. Under this statement, plans that meet the criteria in NACIA Statement 3, *Governmental Accounting and Financial Reporting Principles*, should be reported as an expendable trust fund in the financial statements of the government. Because the plan did not meet this criteria, the effect of adoption for the Sheriff was the removal of the assets and liability previously reported by the Sheriff for the plan as an agency fund. The balances in assets and liabilities were not presented as of June 30, 1995 and the previously reported assets and liabilities as of June 30, 1994 in the amount of \$489,838 were removed from the agency funds comparative statements.

(15) Year 2000 Computer Issues (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. The Sheriff's computer programs and certain hardware that have time-sensitive software may recognize a date using "99" as the year 1999 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations that could affect services. The Sheriff believes that with modifications to existing software and conversions to new software, the Year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, the Year 2000 issue could have a material impact on the operations of the Sheriff.

The Sheriff has initiated the process of preparing its computer systems and applications for the year 2000. The Sheriff expects to incur internal staff costs as well as external consulting and other expenses to prepare the systems for the year 2000. However, there can be no assurance that the systems of vendors or other governmental agencies, on which the Sheriff's systems rely, will be timely converted or that any such failure to convert by another company or governmental entity would not have an adverse effect on the Sheriff's systems.

CADDO PARISH SHERIFF

Bossierport, Louisiana

Supplemental Information Schedules

Fiduciary Funds - Agency Funds

As of and for the year ended June 30, 1998.

Sheriff's Fund

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

Tax Collector Fund

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

CADDO PARISH SHERIFF
Bossier, Louisiana

Fiduciary Funds - Agency Funds

Combining Balance Sheet

June 30, 1988

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Assets			
Cash	\$ <u>466,171</u>	<u>600,000</u>	<u>1,066,171</u>
Liability			
Due to taxing bodies and other	\$ <u>466,171</u>	<u>600,000</u>	<u>1,066,171</u>

See accompanying independent auditor's report.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Schedule of Changes in Balances Due to Timing, Rates and Other

For the year ended June 30, 1998

	Sheriff's Fund	Tax Collector Fund	Total
Balance, July 1, 1997	\$ 318,948	1,194,882	1,473,827
Additions:			
Deposits:			
Sheriff's sales	2,302,292	-	2,302,292
Bonds	198,666	-	198,666
Fines and costs	1,384,873	-	1,384,873
Contributions	531,342	-	531,342
Other deposits	161,529	-	161,529
Taxes, State Revenue Sharing, and fines paid to tax collector	-	121,656,948	121,656,948
Total additions	<u>4,527,602</u>	<u>121,656,948</u>	<u>126,184,550</u>
Reductions:			
Taxes, State Revenue Sharing, and fines distributed to taxing bodies and others	-	122,287,871	122,287,871
Sheriff's General Fund	732,217	-	732,217
Parish commission council	473,368	-	473,368
District attorney	94,618	-	94,618
Clerk of court	458,887	-	458,887
Indigent defender board	151,899	-	151,899
Litigants	1,981,738	-	1,981,738
Attorneys and appraisers	97,678	-	97,678
North Louisiana Civil Justice Laboratory	90,099	-	90,099
Other settlements	438,398	-	438,398
Total reductions	<u>4,546,867</u>	<u>122,287,871</u>	<u>126,834,738</u>
Balance, June 30, 1998	\$ 486,375	683,559	1,169,934

See accompanying independent auditor's report.

KPMG Peat Marwick LLP

9800 Woodloch Forest Drive
1311 North Street
Shreveport, LA 71201-3882

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. Halbanay
Cade Parish Sheriff
Shreveport, Louisiana

We have audited the financial statements of the Cade Parish Sheriff's Office for the year ended June 30, 1998, and have issued our report thereon dated September 23, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cade Parish Sheriff's Office 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cade Parish Sheriff's Office internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported in the Sheriff's Office in a separate letter dated September 23, 1998.

This report is intended for the information of the Cade Parish Sheriff's Office management, the State of Louisiana Legislative Auditor, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

September 23, 1998

KPMG Peat Marwick LLP

600 Capitol Square Tower
200 West Street
Metairie, LA 70002

September 23, 1998

CONFIDENTIAL

The Honorable Sheriff Donald E. Hadsawy
Cade Parish Sheriff
Shreveport, Louisiana

We have audited the financial statements of the Cade Parish Sheriff, Cade Correctional Center, and Tax Collector - Agency Fund (the "Sheriff") as of and for the year ended June 30, 1998, and have issued our reports therein dated September 23, 1998. In planning and performing our audits of the financial statements, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control. We have not considered internal control since the date of our report.

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

YEAR 2000 COMPUTER ISSUES

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. The Sheriff's computer programs and certain hardware that have time-sensitive software may recognize a date using "98" as the year 1998 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations that could affect services. The Sheriff believes that with modifications to existing software and conversions to new software, the Year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, the Year 2000 issue could have a material impact on the operations of the Sheriff.

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

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

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

The Year 2000 initiatives among other things should include:

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

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

CADE PARISH SHERIFF

SHERIFF SALE AGENCY FUND

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

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

INTERNAL CONTROLS - PERSONNEL

Observation — During our payroll internal control testwork, we were unable to obtain supporting payroll documentation for 7 of the 10 individuals selected for testwork. The missing documentation consisted of forms supporting deferred compensation, health, dental, disability, life insurance, credit union, and YMCA dues deductions. The client was unable to locate these forms due to the paperwork having been destroyed or misfiled.

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

TAX COLLECTOR

TAX SOFTWARE

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

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

PERFORMANCE INDICATORS

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

The Honorable Sheriff Donald E. Hathaway
Caddo Parish Sheriff
September 23, 1998
Page 4

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

* * * * *

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

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

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

Very truly yours,

KPMG Peat Marwick LLP



2007 Certified Deputy
D. Wayne Arnold
(504) 877-0621

Don Hathaway

Chief and Tax Officer Tax Collector
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December 18, 1998

Mr. Daniel G. Kyle, CPA, CFE
Legislative Audit Advisory Council
State of Louisiana
P. O. Box 94307
Baton Rouge, Louisiana 70804-0307

Dear Mr. Kyle:

In reference to the auditor's comments in the management letter dated September 25, 1998, the matters noted have been addressed as follows:

Year 2000 Computer Issues

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

Sheriff Sale Agency Fund

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

Internal Controls - Personnel

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

Tax Collection

The Tax Collection financial statements have been maintained through Microsoft Excel reports, but we will convert the mainframe financial statement and general ledger programs to reflect cash basis transactions, streamline the chart of accounts, and create the appropriate condensed financial statements. Reports will also be designed, maintained, and analyzed for

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

Please contact us should you have other questions or requests.

Sincerely,

DON BATHURAY, SHERIFF



Beverly Stines
Comptroller

Cc: Sheriff Don Bathuray
Asst. Chief Marcus Williams