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CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements

June 30, 1999

(With Independent Auditors' Report Thereon)

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

Release Date FEB 16 2000

CADDO PARISH SHERIFF

Shreveport, Louisiana

Financial Statements

Year ended June 30, 1999

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333 Texas Street
Shreveport, LA 71101-3692

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Caddo Parish Sheriff, a component unit of the Caddo Parish Commission for financial reporting purposes, as of and for the year ended June 30, 1999, as listed in the foregoing table of contents. These financial statements are the responsibility of the Caddo Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Parish Sheriff as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 1999, on our consideration of the Caddo Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Year 2000 supplementary information on page 21 listed as Required Supplementary Information in the foregoing table of contents is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the Caddo Parish Sheriff is or will become Year 2000 compliant, that the Caddo Parish Sheriff's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Caddo Parish Sheriff does business are or will become Year 2000 compliant.

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 (schedules 1 and 2) are presented for the purpose of additional analysis and are not a required part of the financial statements of the Caddo Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

October 8, 1999



CADDO PARISH SHERIFF
Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1999
(with comparative totals for June 30, 1998)

	Governmental Fund Types		Fiduciary Fund Type - Agency Funds	Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Fund		General Fixed Assets	General Long-Term Obligations	1999	1998
Assets and Other Debits							
Cash and cash equivalents	\$ 4,221,581	253,781	3,735,214	-	-	8,210,576	5,123,114
Investments	984,856	-	-	-	-	984,856	1,487,750
Receivables	242,178	-	-	-	-	242,178	183,489
Fixed assets	-	-	-	7,482,320	-	7,482,320	7,255,045
Amount to be provided for accrued vacation	-	-	-	-	1,216,027	1,216,027	1,008,642
Amount to be provided for note payable	-	-	-	-	-	-	115,103
Total assets and other debits	\$ 5,448,615	253,781	3,735,214	7,482,320	1,216,027	18,135,957	15,173,143
Liabilities, Equity, and Other Credits							
Liabilities:							
Accounts payable	\$ 96,211	19,975	-	-	-	116,186	573,154
Accrued expenses	241,154	-	-	-	-	241,154	196,877
Due to taxing bodies and others	-	-	3,735,214	-	-	3,735,214	1,010,334
Accrued vacation	-	-	-	-	1,216,027	1,216,027	1,008,642
Note payable	115,103	-	-	-	-	115,103	222,148
Total liabilities	452,468	19,975	3,735,214	-	1,216,027	5,423,684	3,011,155
Equity and Other Credits							
Investment in general fixed assets	-	-	-	7,482,320	-	7,482,320	7,255,045
Fund balance							
Unreserved - undesignated	4,996,147	233,806	-	-	-	5,229,953	4,906,943
Total equity and other credits	4,996,147	233,806	-	7,482,320	-	12,712,273	12,161,988
Total liabilities, equity, and other credits	\$ 5,448,615	253,781	3,735,214	7,482,320	1,216,027	18,135,957	15,173,143

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - All Governmental Fund Types

Year ended June 30, 1999
(with comparative amounts for the year ended June 30, 1998)

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	1999	1998
Revenues:				
Ad valorem taxes	\$ 11,225,591	-	11,225,591	10,904,551
Intergovernmental revenues:				
Federal grants	169,916	380,176	550,092	186,403
State sources:				
Grants	18,320	-	18,320	390
Revenue sharing	413,059	-	413,059	419,032
Supplemental pay	702,857	-	702,857	711,065
Fees, charges, and commissions for services:				
Commissions on state revenue sharing	521,523	-	521,523	504,783
Civil and criminal fees	1,979,923	-	1,979,923	1,756,427
Court attendance	69,650	-	69,650	56,441
Administrative - Caddo Correctional Center (CCC)	522,133	-	522,133	430,036
Transporting prisoners	51,718	-	51,718	36,335
Interest	230,763	12,797	243,560	203,639
Miscellaneous	34,900	-	34,900	72,861
Total revenues	<u>15,940,353</u>	<u>392,973</u>	<u>16,333,326</u>	<u>15,281,963</u>
Expenditures:				
Current - public safety:				
Personal services and related benefits	11,466,962	-	11,466,962	9,684,948
Operating services	1,722,236	-	1,722,236	1,674,138
Materials and supplies	577,069	21,042	598,111	724,582
Other charges	780,765	299	781,064	904,033
Debt service:				
Principal	115,103	-	115,103	107,045
Interest	3,577	-	3,577	11,631
Capital outlay	129,896	180,067	309,963	547,197
Payments to CCC	1,095,000	-	1,095,000	975,000
Total expenditures	<u>15,890,608</u>	<u>201,408</u>	<u>16,092,016</u>	<u>14,628,574</u>
Excess of revenues over expenditures	49,745	191,565	241,310	653,389
Other financing sources (uses):				
Operating transfer in	-	42,241	42,241	-
Operating transfer out	(42,241)	-	(42,241)	-
Proceeds from sale of general fixed assets	81,700	-	81,700	41,163
Total other financing sources, net	<u>39,459</u>	<u>42,241</u>	<u>81,700</u>	<u>41,163</u>
Excess of revenues and other financing sources over expenditures and other financing uses	89,204	233,806	323,010	694,552
Fund balances at beginning of year	<u>4,906,943</u>	<u>-</u>	<u>4,906,943</u>	<u>4,212,391</u>
Fund balances at end of year	<u>\$ 4,996,147</u>	<u>233,806</u>	<u>5,229,953</u>	<u>4,906,943</u>

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 1999
(with comparative amounts for the year ended June 30, 1998)

	1999	1998
Revenues:		
Ad valorem taxes	\$ 11,225,591	10,904,551
Intergovernmental revenues:		
Federal grants	169,916	186,403
State sources:		
Grants	18,320	390
Revenue sharing	413,059	419,032
Supplemental pay	702,857	711,065
Fees, charges, and commissions for services:		
Commissions on state revenue sharing	521,523	504,783
Civil and criminal fees	1,979,923	1,756,427
Court attendance	69,650	56,441
Administrative - Caddo Correctional Center (CCC)	522,133	430,036
Transporting prisoners	51,718	36,335
Interest	230,763	203,639
Miscellaneous	34,900	72,861
Total revenues	15,940,353	15,281,963
Expenditures:		
Current - public safety:		
Personal services and related benefits	11,466,962	9,684,948
Operating services	1,722,236	1,674,138
Materials and supplies	577,069	724,582
Other charges	780,765	904,033
Debt service:		
Principal	115,103	107,045
Interest	3,577	11,631
Capital outlay	129,896	547,197
Payments to CCC	1,095,000	975,000
Total expenditures	15,890,608	14,628,574
Excess of revenues over expenditures	49,745	653,389
Other financing sources (uses):		
Operating transfer out	(42,241)	-
Proceeds from sale of general fixed assets	81,700	41,163
Total other financing sources	39,459	41,163
Excess of revenues and other financing sources over expenditures	89,204	694,552
Fund balance at beginning of year	4,906,943	4,212,391
Fund balance at end of year	\$ 4,996,147	4,906,943

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, 1999

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

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 10,900,000	11,150,924	250,924	10,890,823
Penalties and interest on taxes	100,000	48,725	(51,275)	63,134
Permits	2,000	2,730	730	2,120
Hunting and fishing licenses	70,000	58,019	(11,981)	67,412
Gaming fees	80,000	102,328	22,328	77,389
State grants	25,000	20,452	(4,548)	8,679
State revenue sharing	935,000	934,582	(418)	923,815
State supplemental pay	700,000	762,857	62,857	707,504
State revenue sharing commissions	350,000	353,755	3,755	372,180
State permits	1,000	1,440	440	1,045
Federal grants	175,000	140,162	(34,838)	185,653
Garnishment commissions	35,000	78,479	43,479	36,632
Civil and criminal fees	390,000	372,758	(17,242)	423,743
Court attendance	70,000	66,675	(3,325)	47,637
Transporting prisoners	50,000	53,034	3,034	28,986
Outside civil service	130,000	133,420	3,420	120,682
Notary fees	7,000	6,078	(922)	6,650
Notice of seizure	5,000	6,040	1,040	6,833
Accident reports	5,000	5,137	137	4,961
Tax collection fees	100,000	149,549	49,549	167,010
CCC accounting and administrative service	510,000	522,133	12,133	430,036
Criminal bail bond fees	90,000	125,108	35,108	71,106
Commissions on fines	80,000	88,956	8,956	86,142
Criminal fees	110,000	126,914	16,914	108,738
Appearance bond forfeitures	30,000	13,681	(16,319)	29,358
Interest earned on investments	200,000	223,885	23,885	229,441
Probation and parole fees	140,000	163,324	23,324	130,939
Criminal seizures	1,000	-	(1,000)	-
Gun permit fees	18,000	20,490	2,490	23,290
Background checks	15,000	-	(15,000)	11,050
Tax access fees	1,000	-	(1,000)	200
Youth activities fund	10,000	7,580	(2,420)	9,395
Dedicated funds	-	-	-	44,200
Miscellaneous revenue	80,000	27,320	(52,680)	16,723
Total revenues	<u>15,415,000</u>	<u>15,766,535</u>	<u>351,535</u>	<u>15,333,506</u>

CADDO PARISH SHERIFF
Shreveport, Louisiana

General Fund

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

Year ended June 30, 1999

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

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Expenditures:				
Personal services	\$ 11,408,000	11,417,072	(9,072)	9,609,677
Contractual services	2,024,800	1,945,400	79,400	1,793,951
Materials and supplies	663,000	582,638	80,362	724,135
Statutory charges	119,500	148,055	(28,555)	156,632
Other charges	1,640,000	1,643,862	(3,862)	1,525,092
Capital expenditures	550,000	480,662	69,338	231,882
Total expenditures	<u>16,405,300</u>	<u>16,217,689</u>	<u>187,611</u>	<u>14,041,369</u>
Excess (deficiency) of revenues over (under) expenditures	(990,300)	(451,154)	539,146	1,292,137
Other financing sources (uses):				
Operating transfers out	(42,000)	(42,241)	(241)	-
Proceeds from sale of fixed assets	85,000	80,413	(4,587)	57,827
Total other financing sources (uses)	<u>43,000</u>	<u>38,172</u>	<u>(4,828)</u>	<u>57,827</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(947,300)	(412,982)	534,318	1,349,964
Fund balance at beginning of year	<u>5,562,355</u>	<u>5,562,355</u>	-	<u>4,212,391</u>
Fund balance at end of year	<u>\$ 4,615,055</u>	<u>5,149,373</u>	<u>534,318</u>	<u>5,562,355</u>

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 1999

Revenues:		
Federal grants	\$	380,176
Interest		12,797
Total revenues		<u>392,973</u>
Expenditures:		
Current - public safety:		
Materials and supplies		21,042
Other charges		299
Capital outlay		180,067
Total expenditures		<u>201,408</u>
Excess of revenues over expenditures		191,565
Other financing source - operating transfer in		<u>42,241</u>
Excess of revenues and other financing source over expenditures		233,806
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year	\$	<u><u>233,806</u></u>

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

(1) Summary of Significant Accounting Policies

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

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

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

(A) Reporting Entity

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government or an entity which when excluded would create misleading or incomplete financial statements should be included in its reporting entity. The accompanying financial statements include the operations of the Sheriff. There are no component units for which the Sheriff is financially accountable.

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

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 concessions, telephones, and grants, all of which are dedicated to the operation of the jail facility. Through December 31, 1997, the Commission received from the Sheriff a portion of the 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 negotiated by the Parish Administrator and the Sheriff based on actual maintenance and operating costs. Effective January 1, 1998, this financial arrangement between the Sheriff and Parish Administrator ended. No other financial arrangement has been negotiated between the Sheriff and Parish Administrator. 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 by the Sheriff:

Governmental Funds

Governmental Funds are those through which most governmental functions of the Sheriff are financed. The acquisition, use, and balances of the Sheriff's 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. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. The following are the Sheriff's governmental fund types:

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

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

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. During fiscal 1999, the Sheriff became the direct recipient of certain federal grant funds and, therefore, accounted for such in a special revenue fund.

Fiduciary Funds

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

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

Account Groups

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

(C) Basis of Accounting

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

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

Expenditures are recognized when the related fund liability is incurred. The accompanying financial statements have been prepared on the modified accrual basis of accounting.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

The General Fund and Special Revenue Fund use the following practices in recording revenues and expenditures:

Revenues

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

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

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

Expenditures

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

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

Additions

The majority of additions are not susceptible to accrual because they are not measurable until received in cash.

Reductions

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

(D) *Budgetary Accounting*

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

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

The Sheriff does not establish a formal legally adopted budget for the Special Revenue Fund.

(E) *Encumbrances and Budget*

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

(F) *Fixed Assets and Long-Term Liabilities*

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

donated. No depreciation has been provided for assets accounted for in the General Fixed Assets Account Group.

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

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

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

(G) *Accrued Vacation*

Employees of the Sheriff's office earn from 10 to 20 days of vacation leave and sick leave each year, depending upon their length of service. Employees resigning or heirs of deceased employees may be paid for unused vacation leave at their current rate of pay. Sick leave accrual is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The Sheriff accrues costs incurred for vacation leave in the General Long-Term Obligations Account Group. Accrued sick leave benefits are not accrued due to the Sheriff's policy of not paying benefits upon termination. No accrual is made in the General Fund because the current portion of the liability does not exceed a normal year's accumulation of benefits and is deemed immaterial.

(H) *Investments*

Investments are 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 statutes generally authorize the Sheriff to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission. 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 government investment pool.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a-7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP investments is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost. LAMP is designed to be highly liquid to give participants immediate access to their account balances. For financial reporting purposes, investments with the LAMP are treated as cash equivalents.

(I) Claims and Judgments

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

(J) 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.

(K) 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.

(2) Budgetary Data

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

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

	Original Budget	Total Revision	Revised Budget
General Fund	\$ 15,901,300	546,000	16,447,300

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

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 (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (412,982)
Accrual of capital outlay at June 30, 1999	(6,063)
Accrual of capital outlay at June 30, 1998	357,384
Accrual of other expenses at June 30, 1999	(309,339)
Accrual of other expenses at June 30, 1998	401,515
Accrual of revenue at June 30, 1999	242,178
Accrual of revenue at June 30, 1998	(183,489)
Net revenue and expenditure accruals	502,186
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ 89,204

(3) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes as of June 30, 1999:

	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	12/31/02
Additional services	1.95	1.95	12/31/02

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. At June 30, 1999, the carrying amount of the Sheriff's cash deposits was \$4,383,019 and the bank balance was \$4,769,596. The difference in the bank balance and the carrying amount is due to the outstanding checks at June 30, 1999. Of the bank balance, \$400,000 was covered by federal depository insurance (GASB Category 1) and \$4,369,596 was collateralized with securities held by the pledging financial institution's trust department or agent, but in the Sheriff's name (GASB Category 2). In addition, the Sheriff had \$3,827,557 invested with the LAMP at June 30, 1999. This investment is treated as a mutual fund and is considered a cash equivalent for financial reporting purposes.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

(5) Investments

At June 30, 1999, investments held are as follows:

	Carrying/Fair Value
General Fund – U.S. Government Agency obligation (Category 1)	\$ <u>984,856</u>

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

(6) Receivables

Receivables in the General Fund at June 30, 1999, are as follows:

Ad valorem taxes	\$ 41,138
Intergovernmental revenues:	
State funding	2,184
Federal grants	30,504
Fees, charges, and commissions for services:	
Civil and criminal fees	89,355
Court attendance	5,675
Transportation of prisoners	7,445
Refunds and reimbursements	11,230
Sales commissions	16,249
Sale of used vehicles	1,698
Other	36,700
Total	\$ 242,178

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

(7) General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1999</u>
Office furniture and equipment	\$ 6,933,857	660,728	433,453	7,161,132
Computer software	321,188	-	-	321,188
	<u>\$ 7,255,045</u>	<u>660,728</u>	<u>433,453</u>	<u>7,482,320</u>

(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 Sheriffs' Pension and Relief Fund of Louisiana (System), a cost-sharing multiple-employer public employee statewide 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.

(B) Funding Status and Progress

Benefit provisions are established in accordance with Louisiana State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Sheriffs' Pension and Relief Fund of Louisiana, P.O. Box 3162, Monroe, LA 71210-3163.

Funding Policy

Contributions to the System include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Covered employees were required to contribute 8.7% of their salary for the years ended June 30, 1999, 1998, and 1997. The Sheriff is required to contribute 5%, 5%, and 6% of covered employees' salaries for the years ended June 30, 1999, 1998, and 1997, respectively. The Sheriff's contributions for the years ended June 30, 1999, 1998, and 1997 were \$473,799, \$393,216, and \$466,881, respectively, equal to

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

the required contribution for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the net pension obligation 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 Sheriffs' Association Group Benefits Plan in accordance with state statutes to all retired employees who were participants of the Plan prior to their retirement date. The premiums for retiree health insurance are paid by the Sheriff with life or dependent care premiums being paid by the retiree. The Sheriff recognizes the cost of providing these benefits as an expenditure on a pay-as-you-go basis when the monthly premiums are due. At June 30, 1999, there were 71 retirees receiving benefits. The Sheriff's cost of benefits provided to retirees was approximately \$129,000 for 1999.

(10) Lease Commitments

At June 30, 1999, the Sheriff has twenty-two noncancelable operating leases. The building's and facilities' leases are for the Training Academy, Fleet Management facility, Organized Crime Division office, and the Keithville Substation.

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

Fiscal year:		
1999-00	\$	159,069
2000-01		64,457
2001-02		29,046
2002-03		5,872
2003-Thereafter		<u>489</u>
Total	\$	<u>258,933</u>

Total rental expense under operating leases was approximately \$252,000 for 1999.

(11) Long-Term Obligations

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

	<u>Balance</u> <u>July 1, 1998</u>	<u>Gross</u> <u>Change</u>	<u>Balance</u> <u>June 30, 1999</u>
Accrued vacation	\$ 1,008,642	207,385	1,216,027
Note payable	<u>115,103</u>	<u>(115,103)</u>	<u>-</u>
Total	<u>\$ 1,123,745</u>	<u>92,282</u>	<u>1,216,027</u>

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

During 1996, the Sheriff borrowed \$415,000 at a fixed interest rate of 6.75% for the purchase of computer software and payment of training costs. The note payable is to be paid over a four year period. Payments of principal and interest of \$9,890 are due each month 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>
2000	\$ <u>115,103</u>	<u>3,577</u>	<u>118,680</u>

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

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

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 1999</u>
Agency funds:				
Tax Collector	\$ 603,959	126,769,101	124,077,489	3,295,571
Other	<u>406,375</u>	<u>5,163,238</u>	<u>5,129,970</u>	<u>439,643</u>
Total	\$ <u>1,010,334</u>	<u>131,932,339</u>	<u>129,207,459</u>	<u>3,735,214</u>

(13) Contingencies, Litigation, and Claims

Litigation

At June 30, 1999, 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.

Grants

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to the Financial Statements

June 30, 1999

Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omission. These risks are handled by the Sheriff through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums 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

Required Supplementary Information

Disclosures About Year 2000 Issues

June 30, 1999

(Unaudited)

The Sheriff is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. The Year 2000 Issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 Issue could affect electronic equipment containing computer chips that have date recognition features.

The Sheriff has completed an inventory of computer systems and other electronic equipment and the awareness, assessment and remediation stages of its Year 2000 compliance work with respect to its computer systems, which included the development of contingency plans. These plans were developed in the event that any of its computer systems or critical suppliers are not Year 2000 compliant. The Sheriff is currently within the validation/testing stage, during which the Sheriff validates and tests the changes made during the remediation process. The costs associated with these changes are being funded on a pay-as-you-go basis. The validation and testing phase of the work is targeted to be completed by December 1, 1999. As of June 30, 1999, the Sheriff had no significant amount of resources committed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Sheriff is or will be year 2000 ready, that the Sheriff's remediation efforts will be successful in whole or in part, or that third-party suppliers, customers or Federal and State Agencies with whom the Sheriff does business will be year 2000 ready.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Supplemental Information Schedules

Fiduciary Funds - Agency Funds

As of and for the year ended June 30, 1999

Sheriff's Fund

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

Tax Collector Fund

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

CADDO PARISH SHERIFF
 Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Combining Balance Sheet

June 30, 1999

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Assets			
Cash	\$ <u>439,643</u>	<u>3,295,571</u>	<u>3,735,214</u>
Liability			
Due to taxing bodies and other	\$ <u>439,643</u>	<u>3,295,571</u>	<u>3,735,214</u>

See accompanying independent auditors' report.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Fiduciary Funds - Agency Funds

Schedule of Changes in Balances Due to Taxing Bodies and Other

For the year ended June 30, 1999

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Balances, July 1, 1998	\$ 406,375	603,959	1,010,334
Additions:			
Deposits:			
Sheriff's sales	1,623,236	-	1,623,236
Bonds	194,571	-	194,571
Fines and costs	1,928,211	-	1,928,211
Garnishments	718,931	-	718,931
Other deposits	698,289	-	698,289
Taxes, State Revenue Sharing, and fees paid to tax collector	-	126,769,101	126,769,101
Total additions	<u>5,163,238</u>	<u>126,769,101</u>	<u>131,932,339</u>
Reductions:			
Taxes, State Revenue Sharing, and fees distributed to taxing bodies and others	-	124,077,489	124,077,489
Sheriff's General Fund	795,427	-	795,427
Parish commission council	732,003	-	732,003
District attorney	155,154	-	155,154
Clerk of court	512,436	-	512,436
Indigent defender board	178,206	-	178,206
Litigants	2,109,319	-	2,109,319
Attorneys and appraisers	109,617	-	109,617
North Louisiana Criminalistics Laboratory	108,338	-	108,338
Other settlements	429,470	-	429,470
Total reductions	<u>5,129,970</u>	<u>124,077,489</u>	<u>129,207,459</u>
Balances, June 30, 1999	\$ <u>439,643</u>	<u>3,295,571</u>	<u>3,735,214</u>

See accompanying independent auditors' report.



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CADDO PARISH SHERIFF
Shreveport, Louisiana

OMB Circular A-133 Reports

June 30, 1999

(With Independent Auditors' Report Thereon)

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

Release Date _____

CADDO PARISH SHERIFF
Shreveport, Louisiana

OMB Circular A-133 Reports

Year ended June 30, 1999

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

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

We have audited the financial statements of the Caddo Parish Sheriff, a component unit of the Caddo Parish Commission for financial reporting purposes, as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 1999. 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 Caddo Parish Sheriff'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 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*. However, we noted an immaterial instance of noncompliance reported to the management of the Caddo Parish Sheriff in a separate letter dated October 8, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Caddo Parish Sheriff'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 certain matters involving internal control over financial reporting and other operational matters that we have reported to the management of the Caddo Parish Sheriff in a separate letter dated October 8, 1999.



This report is intended solely for the information and use of the Caddo Parish Sheriff, management, the State of Louisiana Legislative Auditor, the cognizant agency, and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 8, 1999



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**Independent Auditors' Report on Compliance with Requirements
Applicable to the Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133 and
on the Schedule of Expenditures of Federal Awards**

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

Compliance

We have audited the compliance of the Caddo Parish Sheriff with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The Caddo Parish Sheriff's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Caddo Parish Sheriff's management. Our responsibility is to express an opinion on the Caddo Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Caddo Parish Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Caddo Parish Sheriff's compliance with those requirements.

In our opinion, the Caddo Parish Sheriff complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the Caddo Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Caddo Parish Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operations that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Caddo Parish Sheriff as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 1999. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Caddo Parish Sheriff, management, the State of Louisiana Legislative Auditor, the cognizant agency, and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 8, 1999

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of Expenditures of Federal Awards

Year ended June 30, 1999

<u>Grantor Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Justice			
Local Law Enforcement Block Grant	16.592	98-LB-VX-6297	\$ 201,408
COPS FAST	16.710	95-CF-WX-0300	35,956
			<u>237,364</u>
Pass-through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:			
Drug Control and System Improvement:			
Street Gang Reduction	16.579	97-B1-B.07-0103	26,451
Criminal Patrols	16.579	97-B1-B.07-0088	9,056
Highway Interdiction	16.579	B-99-1-099	30,915
DARE	16.579	E-99-1-007	73,724
			<u>140,146</u>
Pass-through State of Louisiana - Governor's Safe and Drug-Free Schools and Communities Grant	84.186	99-76-K1-D	9,164
Pass-through Louisiana Highway Safety Commission - Safe and Sober Overtime Campaign	16.9990-30	9990-30	<u>2,250</u>
Total expenditures			\$ <u><u>388,924</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Schedule of Expenditures of Federal Awards

June 30, 1999

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Caddo Parish Sheriff and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Caddo Parish Sheriff's financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of Findings and Questioned Costs

Year ended June 30, 1999

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: none reported Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: none reported
- (d) Reportable conditions in internal control over major program: none reported Material weaknesses: no
- (e) The type of report issued on compliance for major program: unqualified opinion
- (f) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: no
- (g) Major program:
 United States Department of Justice:
 Local Law Enforcement Block Grant (CFDA Number 16.592)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: no

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None.

(3) Findings and Questioned Costs relating to Federal Awards:

None.



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October 8, 1999

CONFIDENTIAL

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

We have audited the financial statements of the Caddo Parish Sheriff, Caddo Correctional Center, and Tax Collector - Agency Fund (the "Sheriff") as of and for the year ended June 30, 1999, and have issued our reports thereon dated October 8, 1999. 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 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 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 "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations. In addition, some computerized systems do not properly perform calculations with dates beginning in 1999 because these systems use the digits "99" in date fields to represent something other than the year 1999. Such problems are known as the Year 2000 Issue. The Year 2000 Issue may manifest itself before, on or after January 1, 2000, and its effects on operations and financial reporting may range from minor errors to catastrophic systems failure.

The Year 2000 Issue is a significant concern. Failure to adequately address the year 2000 could result in costly and significant application program failures that prevent the Sheriff from performing its normal processing activities. At this stage, contingency planning is vitally important to ensuring the Sheriff is in a position to continue operating uninterrupted. However, there can be no assurance that the systems of other companies, on which the Sheriff's systems rely, will be timely converted or that any such failure to convert by another company would not have an adverse effect on the Sheriff's systems.



AGENCY FUNDS

Observation — During our review of the Sheriff's agency funds, we noted that the fund activity rollforward for the Sheriff's Sales Fund does not agree to its corresponding bank reconciliation. This difference appears to be due to a difference in the beginning balance carried over from a previous year.

Recommendation and Benefit — We recommend adjustments be recorded necessary to correct the fund activity rollforward and, on a going-forward basis, the fund activity rollforwards for all agency funds be prepared on a monthly basis and agreed to the bank reconciliations. This procedure will allow the Sheriff's office to isolate and investigate cash over (short) amounts on a timely basis.

INTERNAL CONTROLS - CASH

Observation — During our audit procedures, we noted that the check signing machine is kept in a vacant office in the accounting department; however, two keys are needed to operate the check signing machine. The keys to the check signing machine as well as all checks are maintained in a locked closet within the accounting department. All accounting department employees have keys to the closet providing them unlimited access to both the checks and check signing machine.

Recommendation and Benefit — We noted the accounting department maintains a check log for both computerized and manual checks to ensure all checks are properly accounted for at all times. This log is examined periodically by accounting department personnel. We recommend additional controls be implemented. For example, limiting the number of employees with access to the closet and/or one of the two keys needed to operate the check signing machine be accessible only by the controller and director.

STATE BID LAWS

Observation — During the current fiscal year, it was noted that several purchases of materials and supplies totaling greater than \$15,000 of the same and/or similar items with one particular vendor were not considered for the bid process. These purchases spanned the entire fiscal year, rather than being one lump sum purchase.

Recommendation and Benefit — R.S. 38.2212.A.(1)(a)(ii) states that all purchases of \$7,500 or more, but less than \$15,000 shall be made by obtaining not less than three telephone or facsimile quotations. R.S. 38.2212.A.(1)(a)(i) states that all purchases of any materials or supplies exceeding the sum \$15,000 to be paid out of public funds, to be done by a public entity shall be advertised and let by contract to the lowest responsible bidder who had bid according to the contract, plans, and specifications as advertised, and no such public work shall be done and no such purchase shall be made except as provided in this Part.

The Honorable Sheriff Donald E. Hathaway
Caddo Parish Sheriff
October 8, 1999
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The \$7,500/\$15,000 stated thresholds, per the state bid laws, are interpreted to mean individual purchases not cumulative purchases. However, in the event that planned expenditures for a project are expected to exceed the state dollar thresholds, proper bid procedures should be followed. We noted that steps have been taken by the purchasing department to address compliance with state bid laws as it relates to multiple purchases of materials and supplies with one specified vendor.

* * * * *

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.

Very truly yours,

KPMG LLP



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Don Hathaway

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December 16, 1999

Mr. Daniel G. Kyle, CPA, CFE
Legislative Audit Advisory Council
State of Louisiana
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Kyle:

In reference to the comments in the management letter from KPMG dated October 8, 1999, the matters noted have been addressed as follows:

Year 2000 Computer Issues

The Sheriff's Office has implemented Y2K updates provided by the vendors for the primary software used throughout the organization on our mainframe system. The majority of the personal computers have been rebuilt or replaced with Y2K compliant equipment. Management has also attempted to identify and document all contingency plans for continued operations, computer and non-computer related.

Agency Funds

The Comptroller, Internal Auditor, Agency Fund Divisions, and KPMG auditors will coordinate efforts to identify and adjust differences in beginning balances on the rollforward schedules and correct variances between ledger and bank balances for the audit year ending June 30, 2000.

Internal Controls – Cash

All accounting personnel are allowed access to the area where check signing machine keys are located. Currently, there are only four employees besides the comptroller and director, all of which have responsibilities for safeguarding funds received and/or check stock. However, we can restrict access to the second operating key to the comptroller, director, and manager. The manager position will be filled in January 2000 allowing for additional controls over cash and other accounting functions.

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Daniel Kyle


State Bid Law

The Sheriff's Office has adopted centralized purchasing procedures to ensure that all purchases will be evaluated and addressed as to the compliance with state bid laws by the purchasing department. The Comptroller through the budget process, financial statement review, and vendor analysis will monitor this process.

Please contact us should you have other questions or requests.

Sincerely,

DON HATHAWAY, SHERIFF

A handwritten signature in cursive script that reads "Beverly Steiner".

Beverly Steiner
Comptroller

cc: Sheriff Don Hathaway
Chief Milton Almond
Asst. Chief Marcus Williams