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WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

General-Purpose Financial Statements,
Supplemental Information, and
Independent Auditor's Reports

As of and for the Year Ended June 30, 1999

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 1-12-2000

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

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June 30, 1999

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**AUDIT REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS

Honorable Duane Blair
Washington Parish Sheriff
Franklinton, Louisiana

I have audited the accompanying general-purpose financial statements of the Washington Parish Sheriff, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Washington Parish Sheriff's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Washington 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.

As more fully described in finding 99-II in my report on compliance, on page 27, certain expenditures of federal grant funds may later prove to be unallowable, and may have to be repaid. The ultimate outcome of this potential liability cannot presently be determined. Accordingly, no provision for this has been made in the accompanying financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 1999 on my consideration of the Washington Parish Sheriff's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Washington Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole. I did not audit the information included in the Year 2000 Disclosure and do not express an opinion on it. I, also, do not provide any assurance that Washington Parish Sheriff's office year 2000 remediation efforts will be successful in whole or in part.



Certified Public Accountant

Bogalusa, Louisiana
December 21, 1999

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet, June 30, 1999

	.. GOVERNMENTAL FUNDS..		FIDUCIARY FUNDS....		...ACCOUNT GROUPS...			Total (Memo- randum Only)
	General Fund	Special Revenue Fund	Agency Funds	General Fixed Assets	General Long-Term Debt			
<u>ASSETS AND OTHER DEBITS</u>								
Cash and cash equivalents	\$ 43,569	\$ 78,056	\$ 707,850	\$	\$	\$	\$ 829,475	
Sales tax receivable	178,333						178,333	
Other receivables	213,177	11,773					224,950	
Due from General Fund		1,400					1,400	
Fixed assets				1,686,044			1,686,044	
Amount to be provided for retirement of general long-term debt					158,177		158,177	
Total Assets and Other Debits	<u>\$ 435,079</u>	<u>\$ 91,229</u>	<u>\$ 707,850</u>	<u>\$ 1,686,044</u>	<u>\$ 158,177</u>		<u>\$ 3,078,379</u>	

(Continued)
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet, June 30, 1999

	.. GOVERNMENTAL FUNDS..		FIDUCIARY FUNDS....		...ACCOUNT GROUPS...			Total
	General Fund	Special Revenue Fund	Agency Funds	General Fixed Assets	General Long-Term Debt		(Memo-randum Only)	
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Accounts payable	\$ 136,306	\$	\$ 707,850			\$	\$ 136,306	
Due to taxing bodies and others							707,850	
Due to Special Revenue Fund	1,400				48,395		1,400	
Compensated absences payable					109,782		48,395	
Certificates of indebtedness payable					158,177		109,782	
Total liabilities	<u>137,706</u>	<u>—</u>	<u>707,850</u>	<u>—</u>	<u>158,177</u>	<u>—</u>	<u>1,003,733</u>	
Equity and other credits:								
Investment in general fixed assets				1,686,044			1,686,044	
Fund balances:								
Unreserved, undesignated	<u>297,373</u>	<u>91,229</u>					<u>388,602</u>	
Total equity and other credits	<u>297,373</u>	<u>91,229</u>	<u>—</u>	<u>1,686,044</u>	<u>—</u>	<u>—</u>	<u>2,074,646</u>	
Total Liabilities and Fund Equity	<u>\$ 435,079</u>	<u>\$ 91,229</u>	<u>\$ 707,850</u>	<u>\$ 1,686,044</u>	<u>\$ 158,177</u>	<u>—</u>	<u>\$ 3,078,379</u>	

(Concluded)
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

ALL GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
REVENUES			
Ad valorem taxes	\$ 889,962	\$	\$ 889,962
Sales tax	1,843,086		1,843,086
Licenses and permits	1,632		1,632
Intergovernmental revenues:			
Federal grants	250,421	48,099	298,520
State grants:			
State revenue sharing	128,148		128,148
State supplemental pay	180,586		180,586
Other state grants	51,213		51,213
Local	20,000		20,000
Fees, charges, and commissions for services:			
Commissions	270,492		270,492
Civil and criminal fees	66,648		66,648
Court attendance	7,120		7,120
Transporting prisoners	25,641		25,641
Feeding and keeping prisoners	319,548		319,548
Fines and forfeitures	50,434		50,434
Interest	13,495	1,784	15,279
Miscellaneous	151,346		151,346
Total revenues	<u>4,269,772</u>	<u>49,883</u>	<u>4,319,655</u>

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

ALL GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
EXPENDITURES			
Current:			
Personal services and benefits	\$ 2,805,861	\$ 3,800	\$ 2,809,661
Operating services	429,089		429,089
Contractual services	149,641		149,641
Material and supplies	520,199	20,709	540,908
Continuing education	47,507		47,507
Miscellaneous	3,731		3,731
Debt service-principal	252,623		252,623
Debt service-interest	12,685		12,685
Capital outlay	<u>142,877</u>	<u>24,542</u>	<u>167,419</u>
Total expenditures	<u>4,364,213</u>	<u>49,051</u>	<u>4,413,264</u>
 Excess (deficiency) of revenues over expenditures	 <u>(94,441)</u>	 <u>832</u>	 <u>(93,609)</u>
 OTHER FINANCING SOURCES			
Sale on fixed assets	<u>5,850</u>	<u>1,400</u>	<u>7,250</u>
Total other financing sources	<u>5,850</u>	<u>1,400</u>	<u>7,250</u>
 Excess of revenues and other sources over expenditures and other uses	 (88,591)	 2,232	 (86,359)
 Fund balance, beginning of year	 <u>385,964</u>	 <u>88,997</u>	 <u>474,961</u>
 Fund balance, end of year	 <u>\$ 297,373</u>	 <u>\$ 91,229</u>	 <u>\$ 388,602</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
REVENUES			
Ad valorem taxes	\$ 882,000	\$ 889,962	\$ 7,962
Sales tax	1,850,000	1,843,086	(6,914)
Licenses and permits		1,632	1,632
Intergovernmental revenues:			
Federal grant		250,421	250,421
State grants:			
State revenue sharing	127,000	128,148	1,148
State supplemental pay	180,000	180,586	586
Other state grants		51,213	51,213
Local		20,000	20,000
Fees, charges, and commissions for services:			
Commissions	260,000	270,492	10,492
Civil and criminal fees	370,000	66,648	(303,352)
Court attendance		7,120	7,120
Transporting prisoners		25,641	25,641
Feeding and keeping prisoners	311,000	319,548	8,548
Fines and forfeitures		50,434	50,434
Interest		13,495	13,495
Miscellaneous	<u>130,000</u>	<u>151,346</u>	<u>21,346</u>
Total revenues	<u>4,110,000</u>	<u>4,269,772</u>	<u>159,772</u>
EXPENDITURES			
Current:			
Personal services and benefits	2,790,000	2,805,861	(15,861)
Operating services		429,089	(429,089)
Contractual services	112,000	149,641	(37,641)

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (cont'd)			
Current:			
Materials and supplies	\$ 990,000	\$ 520,199	\$ 469,801
Continuing education	35,000	47,507	(12,507)
Miscellaneous		3,731	(3,731)
Debt service - principal	251,000	252,623	(1,623)
Debt service - interest	14,000	12,685	1,315
Capital outlay	<u>50,000</u>	<u>142,877</u>	<u>(92,877)</u>
Total expenditures	<u>4,242,000</u>	<u>4,364,213</u>	<u>(122,213)</u>
 Excess (deficiency) of revenues over expenditures	 <u>(132,000)</u>	 <u>(94,441)</u>	 <u>37,559</u>
 OTHER FINANCING SOURCES			
Sale of fixed assets	<u>7,250</u>	<u>5,850</u>	<u>(1,400)</u>
Total other financing sources	<u>7,250</u>	<u>5,850</u>	<u>(1,400)</u>
 Excess of revenues and other sources over expenditures and other uses	 (124,750)	 (88,591)	 36,159
 Fund balance, beginning of year	 <u>359,904</u>	 <u>385,964</u>	 <u>26,060</u>
 Fund balance, end of year	 <u>\$ 235,154</u>	 <u>\$ 297,373</u>	 <u>\$ 62,219</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

SPECIAL REVENUE FUND
(Washington Parish Drug Task Force)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental revenues:			
Federal grant	\$ 45,000	\$ 48,099	\$ 3,099
Interest	<u>1,780</u>	<u>1,784</u>	<u>4</u>
Total revenues	<u>46,780</u>	<u>49,883</u>	<u>3,103</u>
EXPENDITURES			
Current:			
Salaries and benefits	3,800	3,800	—
Materials and supplies	19,703	20,709	(1,006)
Capital outlay	<u>24,542</u>	<u>24,542</u>	<u>—</u>
Total expenditures	<u>48,045</u>	<u>49,051</u>	<u>(1,006)</u>
Excess (deficiency) of revenues over expenditures	(1,265)	832	2,097
OTHER FINANCING SOURCES			
Sale on fixed assets	<u>—</u>	<u>1,400</u>	<u>1,400</u>
Total other financing sources	<u>—</u>	<u>1,400</u>	<u>1,400</u>
Excess of revenues and other sources over expenditures and other uses	(1,265)	2,232	3,497
Fund balance, beginning of year	<u>88,997</u>	<u>88,997</u>	<u>—</u>
Fund balance, end of year	<u>\$ 87,732</u>	<u>\$ 91,229</u>	<u>\$ 3,497</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 1999

INTRODUCTION

As provided by Article V, Section 27 of Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff 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, et cetera. 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, parish occupational licenses, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

In addition, the sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Washington Parish Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

B. REPORTING ENTITY

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organizations' governing body, and
 - a. The ability of the parish government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government provides certain physical facilities and pays certain operating expenditures, the sheriff was determined to be a component unit of the Washington Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the sheriff and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The following funds and account groups are used by the Sheriff:

Governmental Funds

Governmental funds are used to account for all or most of the sheriff's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund – is provided by Louisiana Revised Statute 33:1422, and is the principal fund of the sheriff's office and accounts for the operations of the Sheriff's office. The sheriff's primary sources of revenue are sales tax and an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.
2. Special revenue funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

Agency Funds

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

Account Groups

Account groups are used to establish accounting control and accountability for the Sheriff's general fixed assets and general long-term debt. The following are the Sheriff's Account Groups:

General Fixed Assets Account Group - Fixed assets used in Governmental Fund Type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. General fixed assets consist of vehicles and equipment with an expected useful life of more than one year. Purchases of general fixed assets are recorded as expenditures at the time of purchase. Depreciation is not recorded on general fixed assets.

General Long-Term Debt Account Group - Long-term liabilities such as unmatured general obligation indebtedness and the long-term portion of compensation absences expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

D. 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. The General Fund is accounted for using a flow of current financial resources measurement focus. The accompanying general-purpose financial statements have been prepared on the modified accrual basis of accounting, (except for the fiduciary funds, which are prepared on the cash basis of accounting). The General Fund uses the following practices in recording revenues and expenditures:

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Sales and use taxes are recognized as revenues when collected by the merchant.

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 when the time deposits have matured and the interest is available.

In accordance with the above criteria, fees, charges, and commissions for services and intergovernmental revenues are considered susceptible to accrual at year-end.

Expenditures

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

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets are accounted for as other financing sources when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the sheriff.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

F. BUDGET PRACTICES

The proposed budgets were prepared on the modified accrual basis of accounting, and were legally adopted as follows:

	<i>Year ending <u>6/30/99</u></i>
Published in official journal	
General Fund	May 13 & 20, 1998
Drug Task Force	May 13 & 20, 1998
Public hearing for comments from taxpayers	
General Fund	May 22, 1998
Drug Task Force	May 22, 1998

The budgets were amended on June 9, 1999.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

H. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized (reported) in the general fixed assets account group. General fixed assets provided by the parish government are not recorded within the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

I. COMPENSATED ABSENCES

The sheriff's department adopted the following policy regarding vacation and sick leave effective January 1, 1996, and was amended effective August 15, 1997:

Vacation: pay does not accumulate, but is paid on termination.
8 hour workers - 80 hours per calendar year
12 hour workers - 84 hours per calendar year

Sick leave: does accumulate without limitation, but is not paid on termination.
8 hour worker - 80 hours per calendar year
12 hour worker - 84 hours per calendar year

J. LONG-TERM DEBT

Long-term debt expected to be financed from the General Fund are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term debt are recognized in the General Fund when due.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

K. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations	10.96	Indefinite

3. SALES AND USE TAX

On October 3, 1992, the voters of Washington Parish approved (for an indefinite period) a ½ percent sales tax to be effective January 1, 1993. The sales and use tax was collected and remitted to the sheriff by an independent collecting agent for a monthly fee for the year ended June 30, 1996. Beginning July 1, 1996 the sheriff began collecting the tax as the central sales tax collection agency for Washington Parish. The net proceeds of the tax are dedicated to the following exclusive uses:

- ◆ Forty (40) percent to the salaries of criminal law enforcement deputies.
- ◆ Twenty (20) percent to the support of criminal law enforcement deputies, including the hiring and training of additional criminal law enforcement personnel, consisting of criminal patrol deputies, juvenile officers, burglary and narcotics detectives.
- ◆ Forty (40) percent to the purchase, maintenance and support of law enforcement vehicles and equipment.

The sheriff is required to publish semi-annually, in the official parish journal, an accounting of the actual expenditures.

WASHINGTON PARISH SHERIFF
 Franklinton, Louisiana
 Notes to the General-Purpose Financial Statements (Continued)

4. CASH AND CASH EQUIVALENTS

At June 30, 1999, the sheriff had cash and cash equivalents (book balances) totaling \$829,475.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the Sheriff had \$1,254,787 in deposits (collected bank balances). These deposits were secured from risk by \$100,000 of federal deposit insurance and \$1,778,417 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. OTHER RECEIVABLES

The following is a summary of the other receivables at June 30, 1999:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Drug Task Force</u>
Intergovernmental -		
Federal	\$ 65,270	\$ 11,773
State	53,637	
Local	73,482	
Other	<u>20,788</u>	<u> </u>
Total	<u>\$ 213,177</u>	<u>\$ 11,773</u>

WASHINGTON PARISH SHERIFF
 Franklinton, Louisiana
 Notes to the General-Purpose Financial Statements (Continued)

6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>1999</u>
Vehicles	\$ 1,194,836	\$ 17,288	\$ 96,679	\$ 1,115,445
Office furniture and equipment	158,920	98,729	51,201	206,448
Other	<u>314,155</u>	<u>49,996</u>	<u> </u>	<u>364,151</u>
Total	<u>\$ 1,667,911</u>	<u>\$ 166,013</u>	<u>\$ 147,880</u>	<u>\$ 1,686,044</u>

7. PENSION PLAN

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

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were 18 or older at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service.

Service earned before 1980 is computed as follows:

- 12 years, but less than 15 years - 2½% per year
- 15 years, but less than 20 years - 2¾% per year
- 20 or more years - 3% per year

Service earned 1980 and after is computed as follows(effective July 1, 1995):

- 12 years, but less than 15 years - 2¾% per year
- 15 years, but less than 20 years - 3% per year
- 20 or more years - 3¼% per year

WASHINGTON PARISH SHERIFF

Franklinton, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

Funding Policy. Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the Washington Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 5.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Washington Parish Sheriff are established and may be amended by state statute. As provided by R. S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Washington Parish Sheriff's contributions to the System for the years ending June 30, 1999, 1998, and 1997, were \$95,478, \$81,623, and \$96,610, respectively, equal to the required contributions for each year.

8. LONG-TERM LOAN

On March 21, 1996, the Washington Parish Law Enforcement District received permission from the Louisiana Bond Commission to incur debt and borrow an amount not to exceed in the aggregate the sum of \$1,000,000, at an interest rate not to exceed 7% per annum, to be repaid June 30, 2000.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

The following is a summary of the loan transactions for the year ended June 30, 1999:

Balance July 1, 1998	\$ 362,405
Amounts paid	<u>252,623</u>
Balance June 30, 1999	<u>\$ 109,782</u>

9. COMPENSATED ABSENCES

Employees of the sheriff's department had accumulated accrued vacation benefits of \$48,395 at June 30, 1999. The benefits were computed in accordance with GASB Codification Section C60. The accumulated benefits are recorded within the general long-term debt account group.

10. JOINT VENTURE

The Sheriff of Washington Parish together with the City of Bogalusa Police Department comprise the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the task force are funded by federal grants from the United States Department of Justice through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with contributions from the two law enforcement agencies.

11. LITIGATION AND CLAIMS

At June 30, 1999, the sheriff is involved in a number of lawsuits. In the opinion of the sheriff's legal counsels, resolution of these lawsuits would not create a liability to the sheriff in excess of insurance coverage.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana
Notes to the General-Purpose Financial Statements (Continued)

12. PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for June 30, 1999 have been restated to correctly reflect a receivable from federal grants of \$26,060 at June 30, 1998. The effect of the restatement was to increase net income for June 30, 1998 by \$26,060. Fund balance at July 1, 1998 has been adjusted for the effects of the restatement.

13. RELATED PARTY TRANSACTIONS

There were related party transactions during the year as more fully described in the report on internal control over financial reporting and on compliance on page 27.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Duane Blair
Washington Parish Sheriff
Franklinton, Louisiana

I have audited the financial statements of Washington Parish Sheriff as of and for the year ended June 30, 1999, and have issued my report thereon dated December 21, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Parish Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Washington Parish Sheriff's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below.

99-I RAPE CRISIS GRANT INTERNAL CONTROL

Criteria - Internal Control is defined as a process, effected by an entity's management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Reliability of financial reporting
- (b) Effectiveness of operations, and
- (c) Compliance with applicable laws and regulations.

Condition - The Washington Parish Sheriff felt that rape victims in the parish needed professional counseling, so he agreed to sponsor the Washington Parish Rape Crisis Center (WPRCC) which was funded by the following federal grants:

<u>State Pass-Through</u>	<u>Grant No.</u>
Louisiana Commission on Law Enforcement:	
Rape Counsel	97-C5-V.1-0308
Sexual Assault	96-M5-.05-0447
Louisiana Department of Health and Hospitals:	
Preventive Health Block Grant	CFMS550741

However, his office thought that the WPRCC would operate on its own as an autonomous unit, separate and apart from the Sheriff's Office. The Sheriff's Office was not aware of its far-reaching oversight responsibility over WPRCC.

Therefore, management did not effect an internal control process to achieve the objectives described in "Criteria" above. As a result there were several instances of noncompliance as described in "99-II RAPE CRISIS GRANT NONCOMPLIANCE" below.

Auditor's Recommendation - Management should design and implement the necessary policies and procedures to insure an effective internal control process.

Management's Corrective Action Plan - Management disagrees with the audit findings. The internal control plan in place for the rape crisis program has been in place for several years and has never been questioned. Management believes that grants are like departments in the sheriff's office. The grant project directors act like department heads in overseeing their areas of responsibility. Management expects each department head or grant project director to exercise control in the areas of reliable financial reporting, effective operations, and compliance with laws and regulations. Each project director/department head has limited delegated authority to act as the agent of the sheriff to reach the specific objectives of their area of responsibility. (Some enter into leases and some hire contract workers in the sheriff's stead as his delegated and trusted authority in the matter.) The controls necessary for compliance are already in place and are verified by the tests conducted by the sheriff's office staff.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I consider the reportable condition described above to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Washington Parish Sheriff's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described below.

99-II RAPE CRISIS GRANT NONCOMPLIANCE

Criteria - Same as Criteria in "99-I RAPE CRISIS GRANT INTERNAL CONTROL"

Condition -

A. Inadequate Supporting Documentation for Expenditures

1. There were no acceptable detailed time sheets to support the salary payments of \$16,825 to Charlette Fornea, the Director of Washington Parish Sheriff's Office Rape Crisis Center (WPRCC) for the period July 1, 1998 through June 30, 1999.
2. There were no detailed time records for payments of \$5,743 to three contract workers of WPRCC.
3. There was no documentation for supplies, etc. purchased by WPRCC amounting to \$975.

B. Possible Nepotism (R.S. 42:1119)

1. On February 1, 1999, Charlette Fornea, the Director of WPRCC, hired her daughter-in-law, Sharon Fornea, through a written contract, to provide certain administrative services for \$10 per hour. She received \$4,000 under the contract from February 1, 1999 through June 30, 1999.

C. Possible Related Party Transactions (R.S. 42:1112)

1. On April 1, 1999, Charlette Fornea, LPC, d.b.a., Washington Parish Sheriff's Office Rape Crisis Center entered into a lease agreement for office space beginning April 1, 1999 and terminating March 31, 2000 for \$666 per month. This office space was used not only by WPRCC, but was also used by Charlette Fornea in pursuit of her own private counseling business and by her husband John N. "Buddy" Fornea in his private counseling business, Bogalusa Counseling & Rehabilitation Center.

This type common use of a building created other related party transactions concerning utilities, telephone, office furnishing and equipment, supplies, etc.

D. Other Questionable Expenditures (Article 7, Section 14 of Louisiana Constitution)

1. Payment of \$250 for WPRCC Director's personal LPC license.
2. Payment of \$416 for WPRCC Director's professional liability insurance.
3. Payment of \$2,437 for WPRCC Director and Therapist's personal (whole-life) life insurance policies
4. Payment of \$124 for WPRCC Director's dental insurance, not available to other employees of the Sheriff.

5. Payment of \$3,000 for individual medical insurance policies, not part of the Sheriff's group policy.
6. A \$630 computer purchased with public funds was found setup for use in husband's private office.

Auditor's Recommendation - The Sheriff's Office should investigate or have investigated the transactions of the Rape Crisis Grant to determine if there have been any illegal acts and to determine if there should be reimbursement for any of the questionable expenditures. The applicable Federal grantor agencies should also be notified.

Managements Corrective Action Plan - Management disagrees with the audit findings. Each instance of non-compliance listed has been investigated thoroughly and found by management to be in compliance. In section A. management believes that the documentation for these expenditures is adequate and readily available. In section B. the relationship of Mrs. Charlette Fornea to her daughter-in-law is a moot point because the sheriff is in charge of the grant and any agreements Mrs. Fornea may have entered into were only as the agent for the sheriff. Also, Mrs. Fornea did check with the ethics board just in case to prevent nepotism. In section C. the related party transactions is again a moot point in that Mrs. Fornea was acting as agent for the Sheriff when she entered into the lease of the building. She checked with Chief Wood prior to signing the lease and he said for her to sign it as agent for the Sheriff. The public and private counseling services on this site have all floor space and expenses clearly segregated for daily operations and reporting purposes. The public side is responsible for less than its share of the costs with the private side making up the larger part in order to be able to provide this needed service to the citizens of Washington Parish. In section D., points 1-5, we find expenditures that were approved by the grantor that are being called "questionable". These expenditures were requested in the grant process and specifically approved by the Louisiana Commission on Law Enforcement. The reason the computer in point 6 was set up in the husband's private office was that there was no telephone hook-up for fax anywhere else. The private side agreed to let it stay there, free of charge, where it could be used until a suitable location in the public side could be provided. It has since been relocated to the public area. Management will refer all four questions to the proper authorities as soon as possible for official opinions.

This report is intended for the information of the Washington Parish Sheriff, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Richard M. Acas". The signature is fluid and cursive.

Certified Public Accountant

Bogalusa, Louisiana
December 21, 1999

SUPPLEMENTAL INFORMATION

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended June 30, 1999

FIDUCIARY FUND TYPE - AGENCY FUNDS

SHERIFF'S FUND

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

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies. A separate audit report of this fund can be obtained from the sheriff's office.

SALES TAX COLLECTOR FUND

The sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996. This fund accounts for the collection of those taxes and the remittance thereof to the various taxing bodies. A separate audit report of this fund can be obtained from the sheriff's office.

INMATE FUND

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

CANTEEN FUND

The Canteen Fund account is for sales of snacks, cold drinks, personal care items, etc. to prisoners. Profits are, generally, used for jail connected expenditures.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

FIDUCIARY FUNDS - AGENCY FUNDS
Combining Schedule of Changes
in Assets and Liabilities
June 30, 1999

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
<u>Sheriff's Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 16,997	\$ 477,457	\$ 478,494	\$ 15,960
LIABILITIES				
Due to taxing bodies and others	\$ 16,997	\$ 477,457	\$ 478,494	\$ 15,960
 <u>Tax Collector Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 276,165	\$ 9,517,060	\$ 9,150,997	\$ 642,228
LIABILITIES				
Due to taxing bodies and others	\$ 276,165	\$ 9,517,060	\$ 9,150,997	\$ 642,228
 <u>Sales Tax Collector Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 7,260	\$ 12,749,811	\$ 12,733,651	\$ 23,420
LIABILITIES				
Due to taxing bodies and others	\$ 7,260	\$ 12,749,811	\$ 12,733,651	\$ 23,420

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

FIDUCIARY FUNDS - AGENCY FUNDS
Combining Schedule of Changes
in Assets and Liabilities
June 30, 1999

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
<u>Inmate Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 5,238	\$ 135,734	\$ 133,409	\$ 7,563
LIABILITIES				
Due to taxing bodies and others	\$ 5,238	\$ 135,734	\$ 133,409	\$ 7,563
<u>Canteen Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 18,738	\$ 77,475	\$ 77,534	\$ 18,679
LIABILITIES				
Due to taxing bodies and others	\$ 18,738	\$ 77,475	\$ 77,534	\$ 18,679
<u>Total</u>				
ASSETS				
Cash and cash equivalents	\$ 324,398	\$ 22,957,537	\$ 22,574,085	\$ 707,850
LIABILITIES				
Due to taxing bodies and others	\$ 324,398	\$ 22,957,537	\$ 22,574,085	\$ 707,850

(Concluded)

See accompanying auditor's report.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

Year 2000 Disclosure
For the Year Ended June 30, 1999

The following stages have been identified as necessary to a year 2000 compliant system:

- Awareness stage - Encompasses establishing a budget and project plan for dealing with the year 2000 issue.
- Assessment stage - When the organization begins the actual process of identifying all of its systems and individual components of the systems.
- Remediation stage - When the organization actually makes changes to the systems and equipment.
- Validation/Testing stage - When the organization validates and tests the changes made during the conversion process.

The Sheriff's office believes that the above stages have been completed, and that all systems are year 2000 compliant.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

SCHEDULE OF FINDINGS
For the Year Ended June 30, 1999

I have audited the financial statements of the Washington Parish Sheriff as of and for the year ended June 30, 1999, and have issued my report thereon dated December 21, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes ___ No Reportable Conditions Yes ___ No

Compliance

Compliance Material to Financial Statements Yes ___ No

Section II Financial Statement Findings

See the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance Performed in Accordance with Government Auditing Standards.

WASHINGTON PARISH SHERIFF
Franklinton, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 1999

Section I Internal Control and Compliance Material to the Financial Statements

There were no prior year findings.
