



RECEIVED
LEGISLATIVE AUDITOR
00 NOV 16 AM 9:02

CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements

June 30, 2000

(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 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 11-28-00

CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements

Year ended June 30, 2000

Table of Contents

	Page(s)
Independent Auditors' Report	1
<i>Financial Statements:</i>	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	3
<i>General Fund:</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balance	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on a Budgetary Basis	5-6
Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance	7
Notes to Financial Statements	8-19
Supplemental Information Schedules - Fiduciary Funds - Agency Funds:	
1 Combining Balance Sheet	20
2 Schedule of Changes in Balances Due to Taxing Bodies and Others	21



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

Independent Auditors' Report

The Honorable Steve Prator
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, 2000, 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 auditing standards generally accepted in the United States of America 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, 2000, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 6, 2000, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

September 6, 2000



KPMG LLP, KPMG LLP, a US limited liability partnership, is a member of KPMG International, a Swiss association.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000
(with memorandum only totals for June 30, 1999)

	Governmental Fund Types		Fiduciary Fund Type - Agency Funds	Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Fund		General Fixed Assets	Long-Term Obligations	2000	1999
Assets and Other Debits							
Cash and cash equivalents	\$ 3,179,317	379,001	4,780,828	-	-	8,339,146	8,210,576
Investments	-	-	-	-	-	-	984,856
Receivables	188,048	-	128,589	-	-	316,637	242,178
Fixed assets	-	-	-	8,824,085	-	8,824,085	7,482,320
Amount to be provided for accrued vacation	-	-	-	-	1,294,143	1,294,143	1,216,027
Total assets and other debits	\$ 3,367,365	379,001	4,909,417	8,824,085	1,294,143	18,774,011	18,135,957
Liabilities, Equity, and Other Credits							
Liabilities:							
Accounts payable	\$ 97,632	570	517,477	-	-	615,679	116,186
Accrued expenses	196,387	-	-	-	-	196,387	241,154
Due to taxing bodies and others	-	-	4,391,940	-	-	4,391,940	3,735,214
Accrued vacation	-	-	-	-	1,294,143	1,294,143	1,216,027
Note payable	-	-	-	-	-	-	115,103
Total liabilities	294,019	570	4,909,417	-	1,294,143	6,498,149	5,423,684
Equity and Other Credits:							
Investment in general fixed assets	-	-	-	8,824,085	-	8,824,085	7,482,320
Fund balance:							
Unreserved - undesignated	3,073,346	378,431	-	-	-	3,451,777	5,229,953
Total equity and other credits	3,073,346	378,431	-	8,824,085	-	12,275,862	12,712,273
Total liabilities, equity, and other credits	\$ 3,367,365	379,001	4,909,417	8,824,085	1,294,143	18,774,011	18,135,957

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, 2000
(with memorandum only totals for the year ended June 30, 1999)

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>2000</u>	<u>1999</u>
Revenues:				
Ad valorem taxes	\$ 11,407,608	-	11,407,608	11,225,591
Intergovernmental revenues:				
Federal grants	166,253	369,986	536,239	550,092
State sources:				
Grants	196,968	-	196,968	18,320
Revenue sharing	404,976	-	404,976	413,059
Supplemental pay	719,803	-	719,803	702,857
Fees, charges, and commissions for services:				
Commissions on state revenue sharing	521,329	-	521,329	521,523
Civil and criminal fees	2,057,328	-	2,057,328	1,979,923
Court attendance	78,443	-	78,443	69,650
Administrative - Caddo Correctional Center (CCC)	576,436	-	576,436	522,133
Transporting prisoners	116,292	-	116,292	51,718
Interest	209,497	8,937	218,434	243,560
Miscellaneous	1,572	-	1,572	34,900
Total revenues	<u>16,456,505</u>	<u>378,923</u>	<u>16,835,428</u>	<u>16,333,326</u>
Expenditures:				
Current - public safety:				
Personal services and related benefits	12,454,999	-	12,454,999	11,466,962
Operating services	2,129,240	-	2,129,240	1,722,236
Materials and supplies	934,637	20,272	954,909	598,111
Other charges	1,008,969	4,899	1,013,868	781,064
Debt service:				
Principal	-	-	-	115,103
Interest	-	-	-	3,577
Capital outlay	1,164,942	209,127	1,374,069	309,963
Payments to CCC	750,000	-	750,000	1,095,000
Total expenditures	<u>18,442,787</u>	<u>234,298</u>	<u>18,677,085</u>	<u>16,092,016</u>
Excess (deficiency) of revenues over (under) expenditures	(1,986,282)	144,625	(1,841,657)	241,310
Other financing sources (uses):				
Operating transfer in	-	-	-	42,241
Operating transfer out	-	-	-	(42,241)
Proceeds from sale of general fixed assets	63,481	-	63,481	81,700
Total other financing sources, net	<u>63,481</u>	<u>-</u>	<u>63,481</u>	<u>81,700</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,922,801)	144,625	(1,778,176)	323,010
Fund balances at beginning of year	4,996,147	233,806	5,229,953	4,906,943
Fund balances at end of year	<u>\$ 3,073,346</u>	<u>378,431</u>	<u>3,451,777</u>	<u>5,229,953</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, 2000
(with comparative amounts for the year ended June 30, 1999)

	2000	1999
Revenues:		
Ad valorem taxes	\$ 11,407,608	11,225,591
Intergovernmental revenues:		
Federal grants	166,253	169,916
State sources:		
Grants	196,968	18,320
Revenue sharing	404,976	413,059
Supplemental pay	719,803	702,857
Fees, charges, and commissions for services:		
Commissions on state revenue sharing	521,329	521,523
Civil and criminal fees	2,057,328	1,979,923
Court attendance	78,443	69,650
Administrative - Caddo Correctional Center (CCC)	576,436	522,133
Transporting prisoners	116,292	51,718
Interest	209,497	230,763
Miscellaneous	1,572	34,900
Total revenues	16,456,505	15,940,353
Expenditures:		
Current - public safety:		
Personal services and related benefits	12,454,999	11,466,962
Operating services	2,129,240	1,722,236
Materials and supplies	934,637	577,069
Other charges	1,008,969	780,765
Debt service:		
Principal	-	115,103
Interest	-	3,577
Capital outlay	1,164,942	129,896
Payments to CCC	750,000	1,095,000
Total expenditures	18,442,787	15,890,608
Excess (deficiency) of revenues over (under) expenditures	(1,986,282)	49,745
Other financing sources (uses):		
Operating transfer out	-	(42,241)
Proceeds from sale of general fixed assets	63,481	81,700
Total other financing sources	63,481	39,459
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,922,801)	89,204
Fund balance at beginning of year	4,996,147	4,906,943
Fund balance at end of year	\$ 3,073,346	4,996,147

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, 2000

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

	2000		Variance - Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues:				
Property taxes	\$ 11,300,000	11,387,556	87,556	11,150,924
Penalties and interest on taxes	60,000	45,615	(14,385)	48,725
Permits	2,000	3,290	1,290	2,730
Hunting and fishing licenses	50,000	56,000	6,000	58,019
Gaming fees	95,000	129,825	34,825	102,328
State grants	150,000	196,968	46,968	20,452
State revenue sharing	925,000	926,305	1,305	934,582
State supplemental pay	720,000	659,733	(60,267)	762,857
State revenue sharing commissions	360,000	411,025	51,025	353,755
State permits	1,000	1,020	20	1,440
Federal grants	180,000	194,976	14,976	140,162
Garnishment commissions	40,000	55,526	15,526	78,479
Civil and criminal fees	400,000	409,632	9,632	372,758
Court attendance	70,000	74,894	4,894	66,675
Transporting prisoners	80,000	108,438	28,438	53,034
Outside civil service	135,000	139,506	4,506	133,420
Notary fees	7,000	8,040	1,040	6,078
Notice of seizure	6,000	6,232	232	6,040
Accident reports	5,000	4,727	(273)	5,137
Tax collection fees	120,000	130,127	10,127	149,549
CCC accounting and administrative service	620,000	576,436	(43,564)	522,133
Criminal bail bond fees	125,000	132,739	7,739	125,108
Commissions on fines	85,000	86,875	1,875	88,956
Criminal fees	120,000	131,077	11,077	126,914
Appearance bond forfeitures	45,000	124,935	79,935	13,681
Interest earned on investments	200,000	262,275	62,275	223,885
Probation and parole fees	150,000	184,864	34,864	163,324
Criminal seizures	-	-	-	-
Gun permit fees	20,000	19,140	(860)	20,490
Youth activities fund	-	1,572	1,572	7,580
Miscellaneous revenue	120,000	213,887	93,887	27,320
Total revenues	<u>16,191,000</u>	<u>16,683,235</u>	<u>492,235</u>	<u>15,766,535</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, 2000

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

	2000		Variance - Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Expenditures:				
Personal services	\$ 12,698,000	12,723,027	(25,027)	11,417,072
Contractual services	2,326,200	2,317,712	8,488	1,945,400
Materials and supplies	745,000	901,585	(156,585)	582,638
Statutory charges	218,700	251,872	(33,172)	148,055
Other charges	1,401,000	1,347,012	53,988	1,643,862
Capital expenditures	1,260,000	1,182,045	77,955	480,662
Total expenditures	<u>18,648,900</u>	<u>18,723,253</u>	<u>(74,353)</u>	<u>16,217,689</u>
Deficiency of revenues under expenditures	(2,457,900)	(2,040,018)	417,882	(451,154)
Other financing sources (uses):				
Operating transfers out	-	-	-	(42,241)
Proceeds from sale of fixed assets	62,000	63,694	1,694	80,413
Total other financing sources (uses)	<u>62,000</u>	<u>63,694</u>	<u>1,694</u>	<u>38,172</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(2,395,900)	(1,976,324)	419,576	(412,982)
Fund balance at beginning of year	<u>5,149,373</u>	<u>5,149,373</u>	-	<u>5,562,355</u>
Fund balance at end of year	<u><u>\$ 2,753,473</u></u>	<u><u>3,173,049</u></u>	<u><u>419,576</u></u>	<u><u>5,149,373</u></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, 2000
(with comparative amounts for the year ended June 30, 1999)

	2000	1999
Revenues:		
Federal grants	\$ 369,986	380,176
Interest	8,937	12,797
Total revenues	378,923	392,973
Expenditures:		
Current - public safety:		
Materials and supplies	20,272	21,042
Other charges	4,899	299
Capital outlay	209,127	180,067
Total expenditures	234,298	201,408
Excess of revenues over expenditures	144,625	191,565
Other financing source - operating transfer in	-	42,241
Excess of revenues and other financing source over expenditures	144,625	233,806
Fund balance at beginning of year	233,806	-
Fund balance at end of year	\$ 378,431	233,806

See accompanying notes to financial statements.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

(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 as a component unit 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 Financial Statements

June 30, 2000

By agreement between the Sheriff and the Commission, the Sheriff manages and operates the jail facility. The Sheriff also 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. Ultimate responsibility for the facility is 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.

During 1999, the Sheriff's office was 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 reporting period. The following are the Sheriff's governmental fund types:

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

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 transporting 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. The Sheriff is the direct recipient of certain federal grant funds and, therefore, accounts 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 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 Financial Statements

June 30, 2000

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 Financial Statements

June 30, 2000

(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 is held for proposed amendments to the budget.
- (5) Amended budget is 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. Expenditures may not legally exceed appropriations on a fund basis.

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 Financial Statements

June 30, 2000

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 Financial Statements

June 30, 2000

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.

(L) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

(2) Compliance, Stewardship and Accountability

(A) Excess of Expenditures Over Appropriations

During 2000, based on the legally adopted level of control for budgetary purposes, the General Fund had \$74,353 excess expenditures over appropriations. This excess was offset by an excess of actual revenues over budgeted revenues of \$492,235.

(B) Budgets and Budget Basis of Accounting

An annual expenditure budget is adopted for the General Fund. Revisions made to the original General Fund expenditures budget was as follows:

	Original Budget	Total Revision	Revised Budget
General Fund	\$ 17,233,500	1,415,400	18,648,900

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).

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:

Deficiency of revenues and other financing sources under expenditures and other financing uses (budgetary basis)	\$ (1,976,324)
Accrual of capital outlay at June 30, 2000	(11,069)
Accrual of capital outlay at June 30, 1999	6,063
Accrual of other expenses at June 30, 2000	(196,680)
Accrual of other expenses at June 30, 1999	309,339
Accrual of revenue at June 30, 2000	188,048
Accrual of revenue at June 30, 1999	(242,178)
Net revenue and expenditure accruals	53,523
Deficiency of revenues and other financing sources under expenditures and other financing uses (GAAP basis)	\$ (1,922,801)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

(3) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes as of June 30, 2000:

	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, 2000, the carrying amount of the Sheriff's cash deposits was \$5,725,264 and the bank balance was \$6,199,638. The difference in the bank balance and the carrying amount is due to the outstanding checks at June 30, 2000. Of the bank balance, \$400,000 was covered by federal depository insurance (GASB Category 1) and \$5,799,638 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 \$2,613,882 invested with the LAMP at June 30, 2000. This investment is treated as an uncategorized mutual fund and is considered a cash equivalent for financial reporting purposes.

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

(5) Receivables

Receivables in the General Fund at June 30, 2000 are as follows:

Ad valorem taxes	\$	27,546
Intergovernmental revenues:		
State funding		61,980
Federal grants		1,782
Fees, charges, and commissions for services:		
Civil and criminal fees		49,012
Court attendance		9,224
Transportation of prisoners		15,299
Refunds and reimbursements		7,960
Sale of fixed assets		1,485
Other		13,760
Total	\$	188,048

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

Receivables in the Tax Collector Agency Fund at June 30, 2000 of \$128,589 are for ad valorem taxes. These are actual amounts collected subsequent to year end within the time frame required for recognition.

(6) General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2000</u>
Office furniture and equipment	\$ 7,161,132	1,392,296	(50,531)	8,502,897
Computer software	321,188	-	-	321,188
	<u>\$ 7,482,320</u>	<u>1,392,296</u>	<u>(50,531)</u>	<u>8,824,085</u>

(7) 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 9.7%, 8.7% and 8.7% of their salary for the years ended June 30, 2000, 1999 and 1998, respectively. The Sheriff is required to contribute 5% of covered

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

employees' salaries for the years ended June 30, 2000, 1999, and 1998. The Sheriff's contributions for the years ended June 30, 2000, 1999, and 1998 were \$520,747, \$473,799, and \$393,216, respectively, equal to 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.

(8) Postretirement Benefits

In addition to the pension benefits described in note 7, 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, 2000, there were 72 retirees receiving benefits. The Sheriff's cost of benefits provided to retirees was approximately \$102,000 for 2000.

(9) Lease Commitments

At June 30, 2000, 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:		
2000-01	\$	64,657
2001-02		29,046
2002-03		5,872
2003-04		489
Total	\$	<u>100,064</u>

Total rental expenditure under operating leases was approximately \$262,000 for 2000.

(10) Long-Term Obligations

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

	<u>Balance July 1, 1999</u>	<u>Net Change</u>	<u>Balance June 30, 2000</u>
Accrued vacation	\$ <u>1,216,027</u>	<u>78,116</u>	<u>1,294,143</u>

CADDO PARISH SHERIFF
Shreveport, Louisiana

Notes to Financial Statements

June 30, 2000

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 was paid over a four-year period with final payments of principal and interest made June 1, 2000.

(11) 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, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2000</u>
Agency funds:				
Tax Collector	\$ 3,295,571	128,063,561	127,391,489	3,967,643
Other	<u>439,643</u>	<u>6,164,596</u>	<u>6,179,942</u>	<u>424,297</u>
Total	<u>\$ 3,735,214</u>	<u>134,228,157</u>	<u>133,571,431</u>	<u>4,391,940</u>

(12) Contingencies, Litigation, and Claims

Litigation

At June 30, 2000, 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.

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

Supplemental Information Schedules

Fiduciary Funds - Agency Funds

As of and for the year ended June 30, 2000

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, 2000

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Assets			
Cash	\$ 424,297	4,356,531	4,780,828
Accounts receivable	-	128,589	128,589
	<u>424,297</u>	<u>4,485,120</u>	<u>4,909,417</u>
Total assets	\$ <u>424,297</u>	<u>4,485,120</u>	<u>4,909,417</u>
Liabilities			
Accounts payable	\$ -	517,477	517,477
Due to taxing bodies and others	424,297	3,967,643	4,391,940
	<u>424,297</u>	<u>4,485,120</u>	<u>4,909,417</u>
Total liabilities	\$ <u>424,297</u>	<u>4,485,120</u>	<u>4,909,417</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 Others

For the year ended June 30, 2000

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Balances, July 1, 1999	\$ 439,643	3,295,571	3,735,214
Additions:			
Deposits:			
Sheriff's sales	2,640,548	-	2,640,548
Bonds	204,807	-	204,807
Fines and costs	2,046,393	-	2,046,393
Garnishments	951,056	-	951,056
Other deposits	519	-	519
Taxes, State Revenue Sharing, and fees paid to tax collector	321,273	128,063,561	128,384,834
Total additions	<u>6,164,596</u>	<u>128,063,561</u>	<u>134,228,157</u>
Reductions:			
Taxes, State Revenue Sharing, and fees distributed to taxing bodies and others	-	127,391,489	127,391,489
Sheriff's General Fund	537,514	-	537,514
Parish commission council	875,097	-	875,097
District attorney	65,058	-	65,058
Clerk of court	221,900	-	221,900
Indigent defender board	175,127	-	175,127
Attorneys and appraisers	590,351	-	590,351
North Louisiana Criminalistics Laboratory	103,111	-	103,111
Other settlements	3,611,784	-	3,611,784
Total reductions	<u>6,179,942</u>	<u>127,391,489</u>	<u>133,571,431</u>
Balances, June 30, 2000	<u>\$ 424,297</u>	<u>3,967,643</u>	<u>4,391,940</u>

See accompanying independent auditors' report.



RECEIVED
LEGISLATIVE AUDITOR
00 NOV 16 AM 9:02

CADDO PARISH SHERIFF
Shreveport, Louisiana

OMB Circular A-133 Reports

June 30, 2000

(With Independent Auditors' Report Thereon)

CADDO PARISH SHERIFF
Shreveport, Louisiana

OMB Circular A-133 Reports

Year ended June 30, 2000

Table of Contents

	Page(s)
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1-2
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	3-4
Schedule of Expenditures of Federal Awards and Accompanying Note	5-6
Schedule of Findings and Questioned Costs	7



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

**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 Steve Prator
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, 2000, and have issued our report thereon dated September 6, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 September 6, 2000.

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 which we have reported to the management of the Caddo Parish Sheriff in a separate letter dated September 6, 2000.



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

KPMG LLP

September 6, 2000



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

**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 Steve Prator
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, 2000. 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 auditing standards generally accepted in the United States of America; 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, 2000.

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. However, we noted certain matters involving internal control over financial reporting which we have reported to the management of the Caddo Parish Sheriff in a separate letter dated September 6, 2000.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Caddo Parish Sheriff as of and for the year ended June 30, 2000, and have issued our report thereon dated September 6, 2000. 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, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 6, 2000

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of Expenditures of Federal Awards

Year ended June 30, 2000

<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	\$ 234,298
COPS FAST	16.710	95-CF-WX-0300	35,956
			<u>270,254</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	30,938
Criminal Patrols	16.579	97-B1-B.07-0088	899
DARE	16.579	E-99-1-007	73,029
			<u>104,866</u>
Pass-through State of Louisiana - Governor's Safe and Drug-Free Schools and Communities Grant	84.186	99-76-K1-D	4,699
			<u>4,699</u>
Total expenditures			<u>\$ 379,819</u>

See accompanying note to schedule of expenditures of federal awards.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Note to Schedule of Expenditures of Federal Awards

June 30, 2000

(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, 2000

Section 1 – Summary of Auditors’ Results

Financial Statements

Type of report issued: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? no
- Reportable conditions in internal control were disclosed by the audit of the financial statements? none reported

Noncompliance material to the financial statements noted? no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? no
- Reportable conditions in internal control over major programs? none reported

Type of auditor’s report issued on compliance for major program: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.592	United States Department of Justice - Local Law Enforcement Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133? no

Section 2 – Financial Statement Findings Reported in Accordance with *Government Auditing Standards*

None.

Section 3 -- Federal Awards Findings and Questioned Costs

None.



333 Texas Street, Suite 1900
Shreveport, LA 71101-3692

RECEIVED
LEONARD PRATOR
00 NOV 16 AM 8:57

September 6, 2000

CONFIDENTIAL

The Honorable Steve Prator
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, 2000, and have issued our reports thereon dated September 6, 2000. 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:

AGENCY FUNDS

Observation — During our review of the Sheriff's agency funds, we noted that the fund activity rollforwards for the Sheriff's Sales Fund and Criminal Fund do not agree to the corresponding bank reconciliation. The Sheriff's Sales Fund 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 as necessary to correct the fund activity rollforwards 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. Any unresolved differences should be investigated and resolved timely. This procedure will allow the Sheriff's office to isolate and investigate cash over (short) amounts on a timely basis.



The Honorable Sheriff Steve Prator
Caddo Parish Sheriff
September 6, 2000
Page 2

Observation — KPMG noted the amount of taxes collected per the Tax Collector Agency Fund's Collection Totals By Year Report and total taxes collected per the Tax Collector Agency Fund's general ledger are not reconciled.

Recommendation and Benefit — We recommend a reconciliation be performed on a regular basis to ensure tax collections per the general ledger and as reported, agree to the supporting schedules.

Observation — The garnishment software program for disbursements has the approved check signature within the program. We noted that the Civil Department has two employees with access to the garnishment software program, and thus, the check signature.

Recommendation and Benefit — We recommend additional controls be implemented over access to the check signature by removing it from the software program. For example, the check signature could be imprinted on a CD. The CD would need to be maintained in a locked closet/safe with limited access by two key individuals. Also, such a control would prevent hackers from obtaining the check signature if they were able to gain access to the Caddo Parish Sheriff Office network. We noted that steps have been taken by the garnishment software programmer to have the check signature imprinted on a CD.

Observation — During our review of the year-end bank reconciliation for two Agency Funds, Garnishment Fund and Inmate Personal Fund, an unresolved difference was noted which had been a reconciling item since the prior fiscal year.

Recommendation and Benefit — KPMG recommends that reconciliations be prepared on a timely basis, and any unresolved differences be investigated and resolved timely. Also, we recommend adjustments be recorded as necessary to correct the Agency Funds general ledger balance.

LOCAL LAW ENFORCEMENT BLOCK GRANT

Observation — During our review of the quarterly status reports for the Local Law Enforcement Block Grant, we noted that the amounts reflected on these reports were obtained from individual invoices rather than the general ledger. Also, the reports were not reconciled to total expenditures per the general ledger.

Recommendation and Benefit — We recommend that the total expenditure amount per the quarterly status reports be reconciled to the general ledger to ensure the reports reflect complete and accurate information.

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 assigning responsibility for one of the two keys needed to operate the check-signing machine to the controller and director.

Observation — During our review of the bank statements and the corresponding bank reconciliations, KPMG noted that the bank statements for all bank accounts are reconciled monthly; however, no review of these reconciliations is performed.

Recommendation and Benefit — We recommend a review of all bank reconciliations be performed on a monthly basis by the Chief Administrative Officer or his designee and these items be initialed to document such review. We noted that steps have been taken by the accounting department to address this observation as it relates to the agency funds.

STATE BID LAWS

Observation — We noted that the Fleet Management department is allowed to purchase an *unlimited* dollar amount of parts, supplies, etc. needed for the repair and maintenance of vehicles. However, the purchasing department does not receive purchase orders until after the purchases are made.

Recommendation and Benefit — Although *no instances of noncompliance with bid laws were noted* and a majority of purchases are with vendors under state contract and/or the parts vendor selected via the bid process, we recommend that all departmental purchases originate in the purchasing department to ensure compliance with bid laws and Sheriff's purchasing policies.

NEW REPORTING MODEL – GASB 34

After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards Board (GASB) issued its revolutionary new reporting model in June 1999. The new model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors and creditors. It will substantially affect the Sheriff's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

Management's Discussion and Analysis (MD&A) – A comprehensive MD&A will now be included as required supplementary information. The MD&A will introduce the financial statements by presenting an analysis of the government's financial performance for the year and its financial position at year end. The MD&A will be *in addition* to the transmittal letter currently required for Government Finance Officers Association (GFOA) award candidates, but we expect that the GFOA will make changes in their requirements so as to avoid any duplication between the two documents.

Government-Wide Reporting – The Sheriff will be required to report financial operations and net assets, not only at the fund perspective for governmental activities, but will also have to prepare statements at the government-wide level. This level will distinguish between government and business type activities. All information at the government-wide level will be reported using the economic resources measurement focus and accrual basis of accounting, as enterprise funds do under the current model. Fiduciary activities will be excluded from the government-wide level of reporting. General government fixed assets and long-term liabilities of the government will need to be reported with all other governmental assets and liabilities.

Statement of Activities – Governments will now be required to use a "net program cost" format for the government-wide statements instead of a traditional operating statement. This new format groups revenues and expenses by functional categories (such as public safety, public works, etc.). The purpose of the new statement is to inform readers about the cost of specific functions and the extent to which they are financed with program revenues or general revenues of the government. Governments will have the option of reporting both direct and indirect program costs. Depreciation expense will now generally be reflected as a cost in the statement of activities.

Infrastructure Reporting – Historically, the Sheriff has not been required to record infrastructure assets in its financial statements. Under the new standard, the Sheriff must report infrastructure assets acquired within the last twenty-five years at historical cost. The standard provides several alternatives for determining historical cost of infrastructure assets. Although the standard generally requires depreciation of infrastructure assets, the Sheriff may not be required to depreciate these assets if it can demonstrate that it is preserving its infrastructure at approximately (or above) a disclosed condition level established by the Sheriff.

The Honorable Sheriff Steve Prator
Caddo Parish Sheriff
September 6, 2000
Page 5

Fund Level Reporting – Fund level financial statements will still be required and will provide information about the Sheriff's fund types, including fiduciary funds and blended component units. General capital assets and general long-term liabilities will only be reported at the government-wide level. Fund level reporting will continue to focus on fiscal accountability and reflect the flows and balances of current financial resources. The modified accrual basis of accounting will continue to be used at the fund level, except for proprietary and fiduciary funds which would continue reporting based on economic resources and the accrual method of accounting. Reconciliation between the fund and the government-wide statements will be required on the face of the fund statements. Finally, proprietary fund cash flows statements must be presented using the direct method.

Presentation of Budgetary Information -- The standard requires budgetary statements for the general fund and certain other governmental funds as required supplementary information. The original adopted budget of the Sheriff as well as the final revised budget must be presented. Actual results on a budgetary basis will need to be reconciled to the GAAP (generally accepted accounting principles) basis on the face of the statements.

The effective date of the new pronouncement will require implementation by the Sheriff for its year ending June 30, 2003. The magnitude of these changes and the time required to prepare for implementation should not be underestimated. We recommend that the Sheriff begin to look at its systems and processes to ensure that the required information will be available to ensure timely implementation. Further, we recommend that the Sheriff consider the cost of required changes to its systems and processes to ensure availability of necessary funds in its upcoming budget.

* * * * *

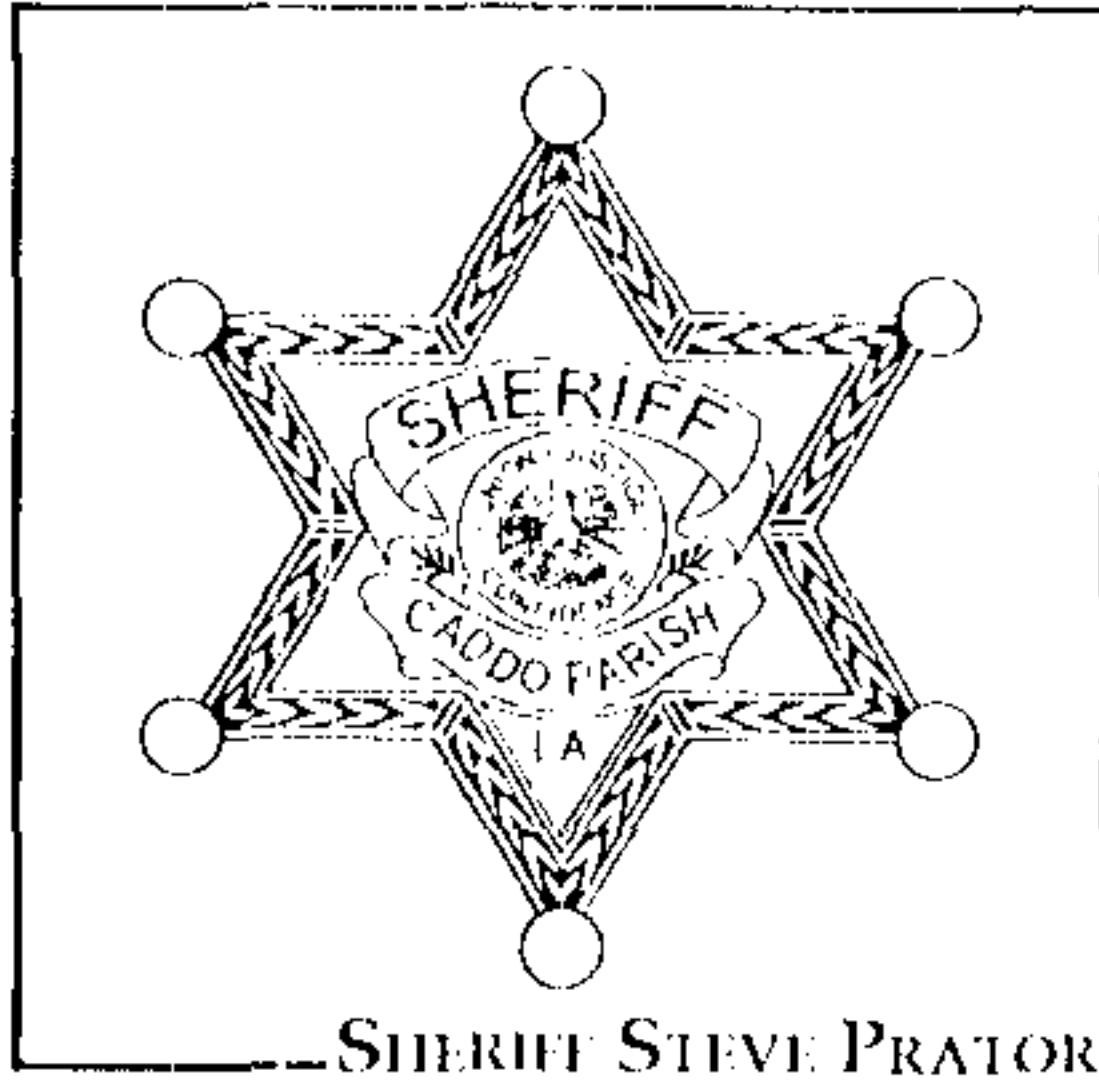
Our procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the above named entities gained during our work to make comments and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

We would be pleased to discuss these comments and recommendations with you at any time.

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, federal agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



RECEIVED
LEGISLATIVE AUDITOR
00 NOV 16 AM 8:57

**SHERIFFS OF
CADDO PARISH**

November 8, 2000

ALEXANDER BOYD STERRETT
1838-1840
MATTHEW WATSON
1840-1857
THOMAS R. SIMISON
1857-1858
1865-1868
HENRY JOHN GREY BATTLE
1859-1860
NATHAN HASS
1860-1862
ISRAEL W. PICKENS
1862-1865
JOHN J. HOPE
1868
JOHN J. O'CONNOR
1968-1869
MICHAEL A. WALSH
1869-1875
JAMES W. WILSON
1875-1876
WILLIAM HEFFNER
1876-1877
ALONZO FLOURNOY
1877-1878
J.D. CAWTHORNE
1879
JOHN LAKE
1879-1892
JOHN S. YOUNG
1892-1900
SAMUEL J. WARD
1900-1906
J.P. "PAT" FLOURNOY
1906-1916
THOMAS ROLAND HUGHES
1916-1940
J. HOWELL FLOURNOY
1940-1966
JAMES M. GOSLIN
1966-1976
HAROLD TERRY
1976-1980
DONALD E. HATHAWAY
1980-2000
STEVE PRATOR
2000

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 our auditors, KPMG, dated September 6, 2000, the matters noted have been addressed as follows:

Agency Funds

Agency Fund bank reconciliations and fund activity rollforward reports for Sheriff's Sales, Garnishments, Criminal Funds, and Inmate Personal Funds are now being prepared monthly by the Accounting Manager. Ledger and bank balance variances will be investigated and resolved timely with the Agency Fund Divisions. Reports will be reviewed by the Accounting Director monthly and quarterly by the Internal Auditor.

The Revenue Division will prepare a monthly reconciliation of the tax collections system reports and the general ledger to ensure proper classification of receipts which will be reviewed quarterly by the Internal Auditor.

The Civil Division software is currently being modified to remove the signature from the program and imprint a signature CD. The CD will be maintained in a lock box inside the safe with limited access by the Civil Division Manager and Specialist.

Block Grant

The Grant Coordinator and Accounting Manager will reconcile the quarterly status reports and general ledger to ensure accuracy of transactions. The reconciliations will be review quarterly by the Internal Auditor.

Daniel Kyle
November 8, 2000
Page 2

Internal Controls – Cash

The Accounting Division now maintains the check stock and check-signing machine in a locked room with access keys held by the Accounting Director and Manager.

Agency Fund bank reconciliations are now prepared by the Accounting Manager and reviewed by the Accounting Director. The Accounting Director prepares the General Fund and Payroll account reconciliations and the Revenue Director prepares the Tax Collection bank account reconciliations. The Internal Auditor examines all reconciliations quarterly.

State Bid Law

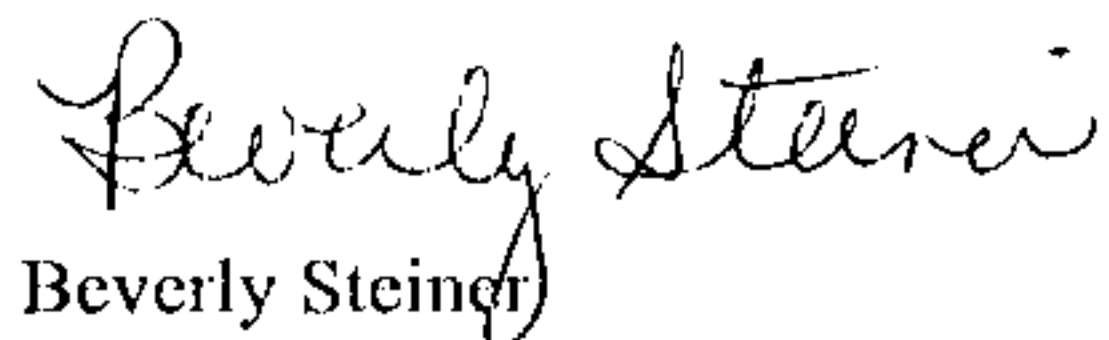
The Fleet Management Division will be limited to purchases of \$500.00 without authorization from the Patrol Captain or Chief Criminal Deputy and will provide a weekly purchasing report to management. The Purchasing Agent and Internal Auditor will monitor purchases to ensure compliance with bid law and Sheriff's office policy.

GASB 34

In anticipation of the implementation date, accounting personnel will utilize published materials, seminars, and the expertise of external auditors to educate our staff on aspects of change that will affect the Sheriff's Office financial statement presentation and data accumulation. A team of administrative personnel will analyze and plan the system and process changes necessary to comply with GASB 34 requirements.

Please contact us should you have other questions or requests.

Sincerely,



Beverly Steiner
Internal Auditor

cc: Steve Prator, Sheriff
D. E. Stevens, Chief Criminal Deputy
Gary M. Parker, Chief Administrative Officer