

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

Financial Statements  
Year ended June 30, 2009

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 12/30/09

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

Financial Statements  
Year ended June 30, 2009

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**Required Supplemental Information**  
**Management's Discussion and Analysis (Unaudited)**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2009**

Within this section of the Caddo Parish Sheriff's ("Sheriff") office annual financial report, the Sheriff's management is to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2009. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

The Sheriff's assets exceeded its liabilities by \$16,490,137 (net assets) for the fiscal year ended June 30, 2009.

The net assets are composed of the following:

- Capital assets, net of related debt, of \$5,147,469 representing property and equipment net of accumulated depreciation of \$5,703,714, which is reduced by outstanding debt of \$-0- related to the purchase of capital assets.
- Unrestricted net assets of \$11,342,668 represent the portion available to maintain the Sheriff's continuing obligation to the citizens of Caddo Parish.

The Sheriff's governmental funds reported total ending fund balance of \$13,312,894 this year. This compares to the prior year ending fund balance of \$13,214,729 showing an increase of \$98,165 during the current year.

At the end the current fiscal year, unreserved fund balance for the General Fund was \$13,312,894, which represents 44.64% of the total expenditures of the Sheriff's General Fund and 44.52% of total revenues in the General Fund including other financing sources. Overall, the Sheriff's office continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis introduces the Sheriff's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes in this report, additional information to supplement the basic financial statements.

Exhibit 1 below summarizes the major features of the Sheriff's financial statements, including the portion of the Sheriff's government they cover and the types of information they contain. The remainder of this overview section of this Management's Discussion and Analysis explains the structure of the contents of each of the statements.

Exhibit 1 Major Features of Sheriff's Government and Fund Financial Statements			
	Government-wide Statements	Fund Statements Governmental Funds	Fiduciary Funds
Scope	The entire Sheriff's governmental unit (excluding fiduciary funds)	The activities of the Sheriff that are not proprietary or fiduciary, such as public safety.	Instances in which the Sheriff is the trustee or agent for someone else's resources.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets.</li> <li>• Statement of activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet.</li> <li>• Statement of revenue, expenditures and changes in fund balances.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets.</li> </ul>

Exhibit 1 (Cont'd)			
Major Features of Sheriff's Government and Fund Financial Statements			
	Government-wide Statements	Fund Statements Governmental Funds	Fiduciary Funds
Accounting basis and measurements focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resource focus.
Type of asset/liability	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets are included.	All assets and liabilities, both short-term and long-term; the Sheriff's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to private sector using the economic resources measurement focus and the accrual basis of accounting.

The first of these government-wide statements is the Statement of Net Assets. The government-wide statement of position presents information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Increase or decrease in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when funds are received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff's that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 8 and 9.

## FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff uses two kinds of funds, governmental funds and fiduciary funds:

In fund financial statements, governmental funds encompass the same functions reported as governmental activities in government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. The funds' statements report short-term fiscal accountability focusing on the use of expendable resources and balances of expendable resources available at the end of the year. The funds' statements are utilized in evaluating annual financial requirements of governmental programs and the commitment of expendable resources of the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the government fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Fiduciary funds – consists of agency funds which are reported in the fund financial statements and report taxes collected for the other taxing bodies, deposits held pending court actions and the individual prison inmate accounts.

The basic government fund and fiduciary fund financial statements are presented on pages 10 to 14 of this report.

#### **Notes to the basic financial statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentation. A budgetary comparison schedule is included as "required supplementary information" for the Sheriff's general fund. This schedule demonstrates compliance with the Sheriff's adopted and final revised budget and can be found on page 28 in this report.

#### **FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE**

The Sheriff's government-wide net assets at June 30, 2009 are \$16,490,137. The following table provides a summary of the Sheriff's government-wide assets, liabilities and net assets:

Assets	2009		2008	
Cash, cash equivalents, receivables and other assets	\$ 16,272,470	75.97%	\$ 15,596,153	79.46%
Capital assets, net of accumulated depreciation	5,147,469	24.03%	4,030,536	20.54%
Total assets	<u>21,419,939</u>	<u>100.00%</u>	<u>19,626,689</u>	<u>100.00%</u>
Liabilities				
Current liabilities	2,959,576	60.03%	2,381,424	76.96%
Long-term liabilities	1,970,226	39.97%	712,911	23.04%
Total liabilities	<u>4,929,802</u>	<u>100.00%</u>	<u>3,094,335</u>	<u>100.00%</u>
Net assets				
Investment in capital assets	5,147,469	31.22%	4,030,536	24.38%
Unrestricted	<u>11,342,668</u>	<u>68.78%</u>	<u>12,501,818</u>	<u>75.62%</u>
Net assets	\$ <u>16,490,137</u>	<u>100.00%</u>	\$ <u>16,532,354</u>	<u>100.00%</u>

The Sheriff continues to maintain a high current ratio. The current ratio compares assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the government activities is 5.50:1.

The Sheriff reported positive balances in net assets of the government-wide activities. Net assets decreased by \$42,217 for government-wide activities from government-wide net assets of \$16,532,354 reported at the end of the prior fiscal year. The Sheriff has \$16,490,137 in net assets as of June 30,

2009, of which 31.22% of the government-wide activities' net assets are associated with capital assets. The Sheriff uses these capital assets to provide services to the citizens of Caddo Parish in the performance of its public safety activities.

The following table provides a summary of the Sheriff's changes in net assets:

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Program revenues		
Fees, fines and charges for services	\$ 6,428,832	\$ 6,079,711
Operating grants and contributions	670,692	361,909
General revenues		
Taxes		
Property taxes	17,605,305	15,379,076
Sales and use taxes	2,681,277	2,384,418
State revenue sharing	417,349	401,437
Supplemental pay	1,055,647	1,015,875
Proceeds from sale of general fixed assets	21,330	38,726
Interest and investment earnings	94,441	516,842
Miscellaneous	931,309	920,925
Total revenues	<u>29,906,182</u>	<u>27,098,919</u>
 Program expenses		
Public safety	<u>29,948,399</u>	<u>28,317,047</u>
Total expenses	<u>29,948,399</u>	<u>28,317,047</u>
 Change in net assets	( 42,217 )	( 1,218,128 )
 Beginning net assets	<u>16,532,354</u>	<u>17,750,482</u>
Ending net assets	<u>\$ 16,490,137</u>	<u>\$ 16,532,354</u>

#### **FUND LEVEL STATEMENTS**

##### **GOVERNMENTAL REVENUES**

The Sheriff is heavily reliant on property taxes to support its operations. Property taxes, which total \$17,605,305 in fiscal year 2009 compared to \$15,379,076 in fiscal year 2008, provided 58.84% of the Sheriff's total revenues. The Sheriff has earned \$94,441 in interest on funds available, which in turn, have been used to support the Sheriff's government activities. Program revenues, including fines and fees, cover 23.71% in fiscal year 2009 and 22.75% in fiscal year 2008, respectively, of the governmental operating expenses.

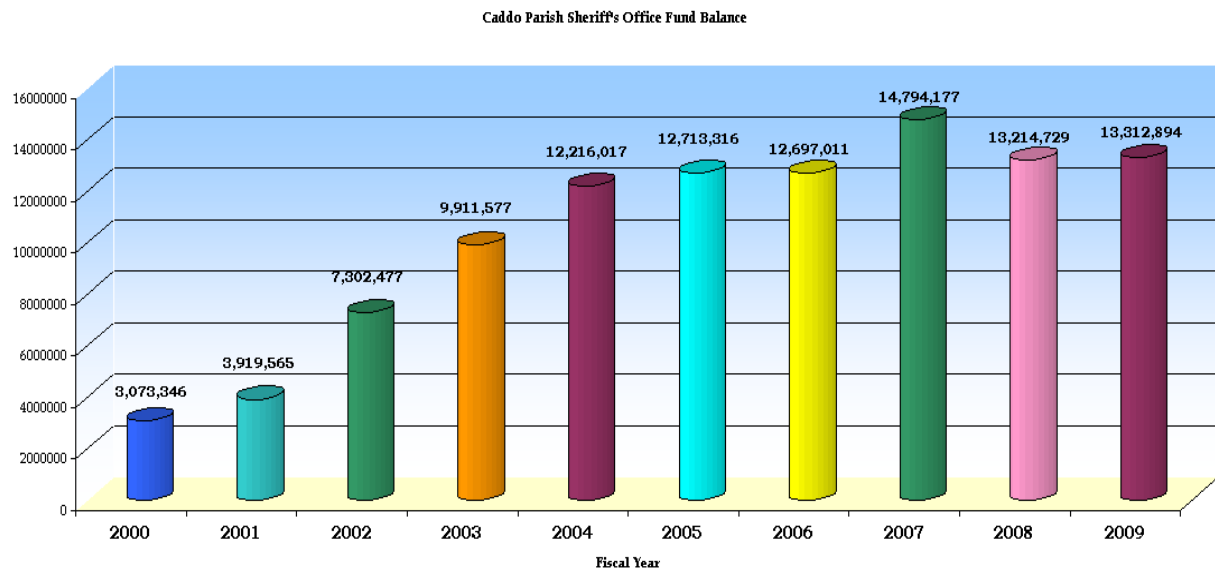
##### **FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS**

As discussed, government funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end the year in comparison with upcoming financing requirements. Government funds reported an ending fund balance of \$13,312,894.

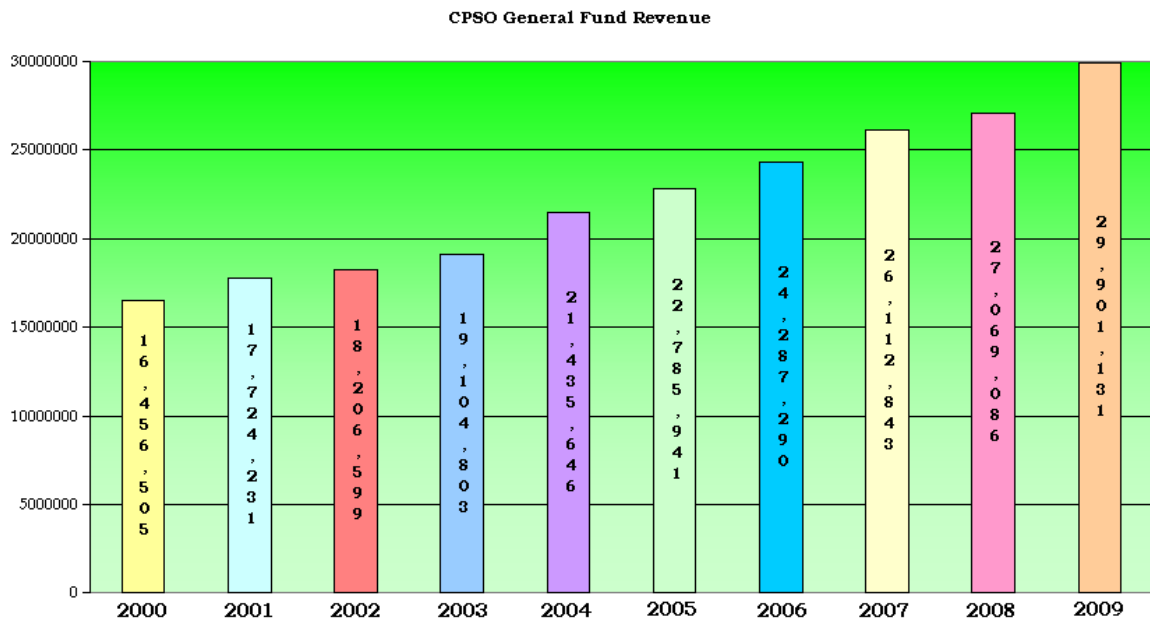
##### **MAJOR GOVERNMENTAL FUNDS**

The General Fund is the Sheriff's primary operating fund and source of day-to-day administrative and operations service. The General Fund's fund balance as of June 30, 2009 was \$13,312,894, which was an increase of \$98,165 above the prior year's fund balance. In fiscal year 2008, the fund balance decrease was \$1,579,448.

The following chart illustrates the General Fund's ending fund balance for the past nine fiscal years:



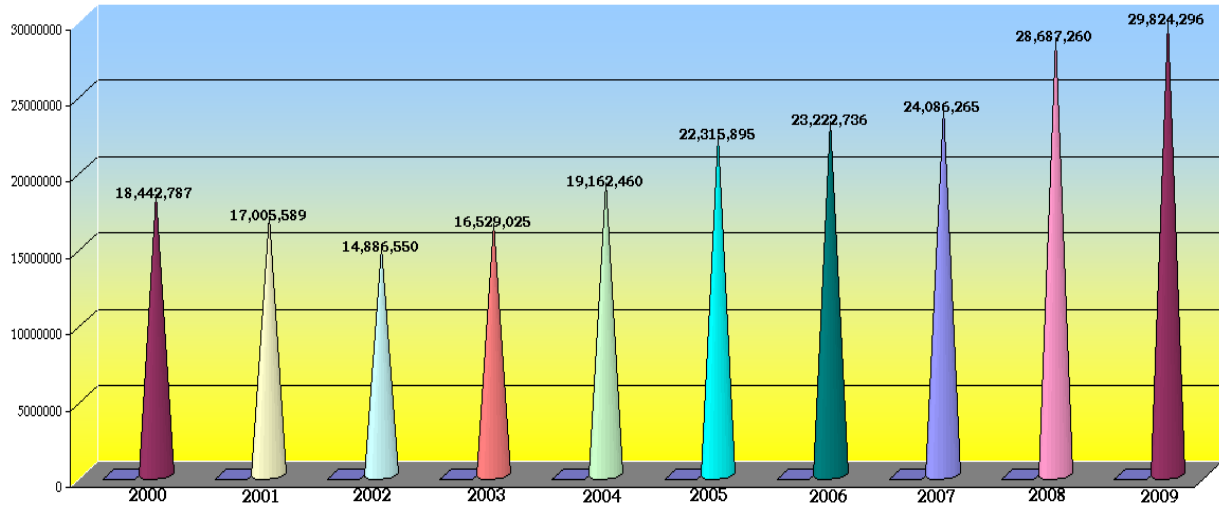
The General Fund revenue for 2009 increased \$2,832,045 over 2008. The major factors contributing to this change were increases in property tax collections and sales tax collections. The following chart illustrates the General Fund's total revenues for the past nine fiscal years:



Operating expenditures totaled \$29,824,296 for the fiscal year 2009, which was approximately \$1,137,036 or 3.96% greater than expenditures \$28,687,260 in fiscal year 2008. There were predominately two contributing factors to this increase: an increase in personnel costs of \$938,880 and an increase in capital outlay of \$889,228 over prior year. The following chart illustrates the General Fund's total expenditures for the past ten fiscal years:



CPSO General Fund Expenditures

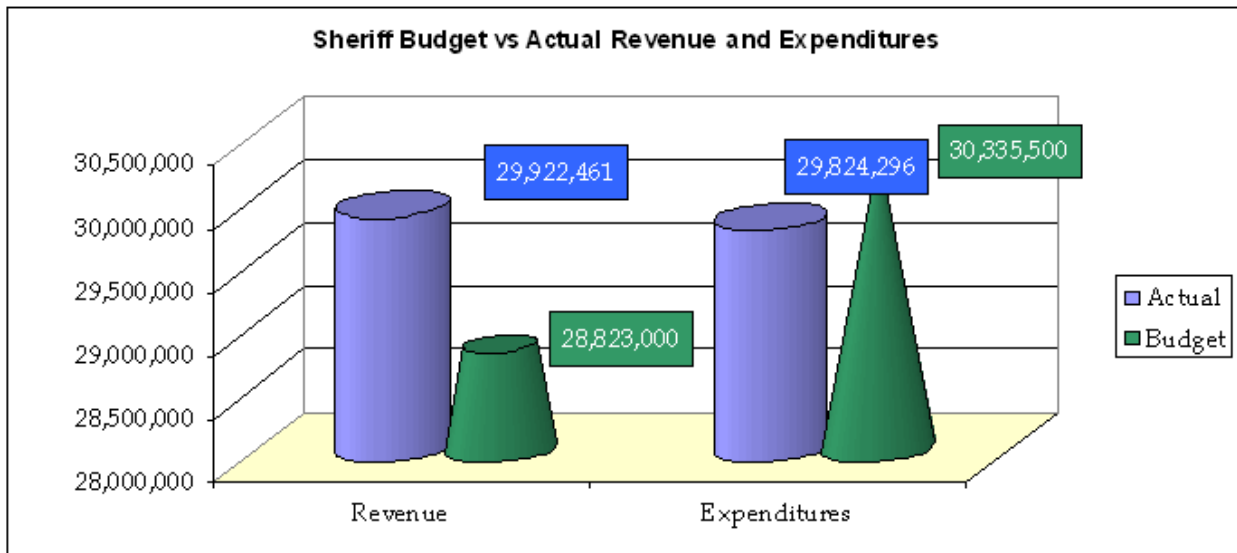


### BUDGETARY HIGHLIGHTS

The General Fund's original revenue budget was less than the actual amounts recorded in fiscal year 2009. The final amended budgeted revenue of \$28,823,000 exceeded the actual amount received in fiscal year 2008 of \$27,069,086. The actual revenue recognized, on the budgetary basis, in fiscal year 2009 of \$29,922,461, exceeds the amended budgeted revenue by \$1,099,461.

The final amended budget reported revenue which was an 8.42% increase over revenue in the original budget. The amended budget reflected an increase of 0.61% in expenditures from the original budget. The revenues budget included a \$2,000,000 increase in property taxes, which is the only significant change to the revenues budget.

The following graph demonstrates the budgeted and actual revenue and expenditures for fiscal year 2009.



## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital assets**

The Sheriff's investment in capital assets, net of accumulated depreciation of \$5,703,714 as of June 30, 2009 was \$5,147,469. See Note 5 for additional information about changes in capital assets during the fiscal year. The following table provides a summary of capital asset activity.

	<u>2009</u>	<u>2008</u>
Capital assets		
Buildings	\$ 2,316,888	\$ 135,559
Law enforcement and office furniture and equipment	1,954,723	1,251,376
Vehicles	5,439,567	5,435,302
Computer equipment	1,134,193	1,024,730
Construction in progress	<u>5,812</u>	<u>1,576,227</u>
Total capital assets	<u>10,851,183</u>	<u>9,423,194</u>
Less: accumulated depreciation	<u>5,703,714</u>	<u>5,392,658</u>
Book value – capital assets	\$ <u>5,147,469</u>	\$ <u>4,030,536</u>
Percentage depreciated	<u>52.56%</u>	<u>57.23%</u>

At June 30, 2009, the depreciable capital assets for government activities were 52.56% depreciated versus 57.23% in the prior year.

Depreciation expense of computer equipment, office equipment and vehicles was \$1,013,392 for fiscal year 2009 and is included in total expenses for the public safety activity.

### **CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report contact Gwet Folsom, Caddo Parish Sheriff's Office, 505 Travis Street, Room 700, Shreveport, LA 71101.

## **Government – Wide Financial Statements**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statement of Net Assets**  
**June 30, 2009**

<b>Assets</b>	
Cash and cash equivalents	\$ 15,503,472
Receivables	734,438
Prepaid expenses	34,560
Capital assets, net of accumulated depreciation	<u>5,147,469</u>
Total assets	<u>21,419,939</u>
<b>Liabilities and Net Assets</b>	
Liabilities	
Accounts payable	587,693
Accrued expenses	<u>867,584</u>
	1,455,277
Long-term liabilities	
Portion due within one year	
Accrued compensated absences	1,504,299
Portion due after one year	
OPEB liability	1,329,111
Accrued compensated absences	<u>641,115</u>
Total Liabilities	<u>4,929,802</u>
Net assets	
Invested in capital assets	5,147,469
Unrestricted	<u>11,342,668</u>
Total net assets	<u>\$ 16,490,137</u>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statement of Activities**  
**for the Year ended June 30, 2009**

	Expenses	Program Revenues		Net (expense) revenue and changes in net assets
		Fees, fines and charges for services	Operating grants and contributions	
Functions/programs				
Governmental activities				
Public safety	\$ 29,948,399	\$ 6,428,832	\$ 670,692	(\$ 22,848,875)
 Total governmental activities	<u>\$ 29,948,399</u>	<u>\$ 6,428,832</u>	<u>\$ 670,692</u>	<u>( 22,848,875)</u>
General revenues				
Taxes -				
Property taxes				17,605,305
Sales and use taxes				2,681,277
State revenue sharing				417,349
Supplemental pay				1,055,647
Proceeds from sale of general fixed assets				21,330
Interest and investment earnings				94,441
Miscellaneous				<u>931,309</u>
Total general revenues				<u>22,806,658</u>
 Changes in net assets				( 42,217)
Net assets, July 1, 2008				<u>16,532,354</u>
Net assets, June 30, 2009				<u>\$ 16,490,137</u>

The accompanying notes are an integral part of the financial statements.

## **Fund Financial Statements**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Balance Sheet - Governmental Funds**  
**June 30, 2009**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 15,503,472
Receivables	6,742
Due from tax collector	727,696
Prepaid insurance	<u>34,560</u>
 Total assets	 <u><u>\$ 16,272,470</u></u>
 <b>Liabilities and fund balances</b>	
Current liabilities	
Accounts payable	\$ 587,693
Accrued expenses	867,584
Total current liabilities	<u>1,455,277</u>
 Long term liabilities	
Accrued compensated absences, current portion	<u>1,504,299</u>
Total liabilities	<u>2,959,576</u>
 Fund balances	
Unreserved - undesignated	<u>13,312,894</u>
 Total fund balances	<u>13,312,894</u>
 Total liabilities and fund balances	 <u><u>\$ 16,272,470</u></u>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets**  
**June 30, 2009**

Total fund balances - Governmental Funds		\$ 13,312,894
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets at June 30, 2009	\$ 10,851,183	
Less accumulated depreciation	<u>( 5,703,714)</u>	5,147,469
Long-term liabilities at June 30, 2009		
OPEB liability	( 1,329,111)	
Long term portion of compensated absences payable	<u>( 641,115)</u>	<u>( 1,970,226)</u>
Net changes		<u>3,177,243</u>
Total net assets - government-wide activities		<u>\$ 16,490,137</u>

The accompanying notes are an integral part of the financial statements.



**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**for the Year ended June 30, 2009**

	General Fund
Revenues	
Ad valorem taxes	\$ 17,605,305
Sales taxes	2,681,277
Intergovernmental revenues	
Federal grants	635,132
State sources	
Grants	35,560
Revenue sharing	417,349
Supplemental pay	1,055,647
Fees, charges, and commissions for services	
Commissions on state revenue sharing	547,990
Civil and criminal fees	4,108,601
Administrative - Caddo Correctional Center (CCC)	1,634,947
Transporting prisoners	137,294
Interest	94,441
Miscellaneous	947,588
Total revenues	<u>29,901,131</u>
Expenditures	
Current- public safety	
Personal services and related benefits	20,263,665
Operating services	1,596,528
Materials and supplies	1,610,844
Other charges	1,206,677
Capital outlay	2,146,602
Payments to CCC	2,999,980
Total expenditures	<u>29,824,296</u>
Excess of revenues over expenditures	76,835
Other financing sources	
Proceeds from sale of general fixed assets	21,330
Total other financing sources	<u>21,330</u>
Net change in fund balances	98,165
Fund balances at beginning of year	13,214,729
Fund balances at end of year	<u><u>\$ 13,312,894</u></u>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
for the Year ended June 30, 2009**

Net change in fund balances		\$	98,165
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense			
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	2,146,602		
Disposal of capital assets	( 16,277)		
Less depreciation expense recorded for the year ended June 30, 2009	<u>( 1,013,392)</u>		1,116,933
OPEB liability	( 1,329,111)		
Compensated absences increase in current year	<u>71,796</u>	(	<u>1,257,315)</u>
Net changes		(	<u>140,382)</u>
Change in net assets government-wide activities		\$	<u>( 42,217)</u>

The accompanying notes are an integral part of the financial statements.

**CADD0 PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statements of Net Assets**  
**Fiduciary Funds - Agency Funds**  
**June 30, 2009**

**Assets**

Cash and cash equivalents	\$ 6,217,237
Total assets	<u>\$ 6,217,237</u>

**Liabilities**

Accounts payable	\$ 977,252
Due to Sheriff's Office	40,963
Unsettled balances due to taxing bodies and others	<u>5,199,022</u>
Total liabilities	<u>\$ 6,217,237</u>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Notes to Financial Statements**  
**June 30, 2009**

**Introduction**

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.

**Note 1 - Reporting entity and summary of significant accounting policies**

**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's 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 functions of parish government would make the financial statements misleading and incomplete.

By agreement between the Sheriff and the Commission, the Sheriff manages and operates the jail facility, known as the Caddo Correctional Center ("Center"). The Sheriff also maintains accounting records, prepares annual budgets, and prepares financial information. The maintenance and operation of the Center is funded by a one-quarter cent sales tax. The Sheriff receives directly all funds generated from any source as a result of operations of the Center, including concessions, telephones, and grants, all of which are dedicated to the operation of the Center. Ultimate responsibility for the Center is vested in the Commission. The financial operations of the Center are reflected in the financial statements of the Commission and are not reflected in the financial statements of the Sheriff.

Beginning in 2003 the Sheriff occupied space in the Parish Complex. The cost of maintaining and operating the Parish Courthouse and the Parish Complex, as required by Louisiana law, is paid by

the Commission. These expenditures are not recorded in the accompanying financial statements.

**Basis of presentation** - The accompanying basic financial statements of the Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

**Government-wide financial statements (GWFS)** - The Statement of Net Assets and the Statement of Activities display information about the Sheriff as a whole. These statements include all the financial activities and funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are reported only in the Statement of Net Assets - Fiduciary Funds at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements** - The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten (10%) percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental fund:

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 state revenue sharing. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees and transporting of prisoners, etc. General operating expenditures are paid from this fund.

The Sheriff also reports the following fund types:

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. The only funds accounted for in this category by the Sheriff are 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 accounts of the Tax Collector Agency Fund are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus.

#### **Measurement focus/basis of accounting**

The governmental financial statements were prepared using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Sheriff's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within sixty (60) days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain long term compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset used.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sheriff and is presented on 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 financial statements.

The governmental funds use the following practices in recording revenues and expenditures:

#### **Revenues**

Ad valorem taxes, sales taxes and commissions earned from state revenue sharing are recorded in the year they become due and payable. Ad valorem taxes are assessed for the calendar year, become due on December 30 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, when interest begins accumulating at one-percent monthly. Revenue sharing is generally collected in three equal installments in December, March and May of the fiscal year.

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.

**Other financing sources (uses)**

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

**Deferred revenues**

Deferred revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

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.

**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 same basis as these financial statements are prepared, specifically the modified accrual basis, as described in the preceding pages. Expenditures may not legally exceed appropriations on a fund basis.

The proposed budget for the year ended June 30, 2009 was made available for public inspection and was published in the official journal of Caddo Parish, ten days before the public hearing, which was held on June 16, 2008, at the Caddo Parish Sheriff's office for comments from taxpayers. The budget was amended and published ten days before the public hearing, which was held on April 28, 2009, at the Caddo Parish Sheriff's office for comments from taxpayers.

**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.

**Cash and interest-bearing deposits** - Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits and time deposits. These deposits are stated at cost, which approximates market.

**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.

State law authorizes the Sheriff, as the Tax Collector for Caddo Parish, to deposit tax collections in interest-bearing accounts with a bank domiciled in the parish when the funds are collected. Furthermore, state statutes authorize the Tax Collector to invest in direct United States Treasury obligations; 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.

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 costs. 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.

**Capital assets** - Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the useful lives of 30 years for buildings, 5-10 years for furniture, fixtures and equipment, and 5 years for vehicles.

**Compensated absences** - 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 the heirs of employees may be paid for unused vacation leave at the employee's current rate of pay. Payment of



accumulated sick leave is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The Sheriff accrues the expense for the current portion of the liability for compensated absences in the fund financial statements. The long term portion of the accrued liability for compensated absences, along with the current portion of the liability, is included in the government-wide financial statements.

**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 government-wide financial statements.

**Net asset classifications** - In the government-wide statements, net assets are classified and displayed in three components:

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets”.

In the fund financial statements, governmental fund net assets are classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated, as applicable.

**Use of estimates** - The preparation of financial statements in conformity with U. S. 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.

**Subsequent Events** - The Sheriff has evaluated subsequent events through December 15, 2009, the date which financial statements were issued, concluding there were no events requiring disclosure.

**Restated governmental fund balance** - The opening balance of governmental fund balances was restated to reflect the classification of the current portion of compensated absences in the governmental funds.

#### **Note 2 - 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 were as follows:

	Original Budget	Total Increase	Revised Budget
General Fund	\$ 30,151,000	\$ 184,500	\$ 30,335,500

#### **Note 3 - Cash and cash equivalents**

All deposits of the Sheriff are held by area financial institutions. At June 30, 2009, the carrying amount of the Sheriff's cash deposits was as follows:

	Government- Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets
Demand deposits	\$ 8,470,878	\$ 6,217,237
Interest bearing deposits (LAMP and certificate of deposit)	7,032,594	-
Total demand and interest bearing deposits	\$ 15,503,472	\$ 6,217,237

The bank balances in the General Fund and Fiduciary Funds totaled \$16,137,966. The difference in the

bank balances and the carrying amounts presented above is due to outstanding checks at June 30, 2009. Of the bank balances, \$500,000 was covered by federal depository insurance (GASB Category 1) and \$15,637,966 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 \$727,886 invested with LAMP at June 30, 2009, a ninety-day certificate of deposit with Regions Bank of \$5,000,000, and a thirty-day certificate of deposit with Regions Bank of \$1,304,708. The LAMP investment is treated as an uncategorized mutual fund; both LAMP and the certificate of deposits are considered cash equivalents for financial reporting purposes.

#### Note 4 - Receivables

Receivables in the General Fund at June 30, 2009 are as follows:

Ad valorem taxes	\$	12,410
Intergovernmental revenues		
Federal grants		244,166
Fees, charges, and commissions for services:		
Tax collection		28,959
Civil and criminal fees		214,549
Transportation of prisoners		18,872
Refunds and reimbursements		11,110
Other		204,372
	\$	<u>734,438</u>

These amounts are presented in the accompanying financial statements under the captions:

Receivables	693,475
Due from Tax Collector	40,963
	\$ <u>734,438</u>

#### Note 5 - Capital assets

A summary of changes in capital assets used in governmental activities is as follows:

	Balance July 1, 2008	Additions	Disposals	Balance June 30, 2009
Assets, at cost				
Buildings	\$ 135,559	\$ 2,181,329	\$ -	\$ 2,316,888
Law enforcement				
weapons and equipment	898,477	721,283	30,099	1,589,661
Computer equipment and				
office furniture	1,024,730	110,701	1,238	1,134,193
Equipment	352,899	20,031	7,868	365,062
Vehicles	5,435,302	683,673	679,408	5,439,567
Construction in Progress	1,576,227	5,812	1,576,227	5,812
Total cost	<u>9,423,194</u>	<u>\$ 3,722,829</u>	<u>\$ 2,294,840</u>	<u>10,851,183</u>
Less accumulated				
depreciation	<u>5,392,658</u>	<u>\$ 1,013,392</u>	<u>\$ 702,336</u>	<u>5,703,714</u>
Capital assets, net	<u>\$ 4,030,536</u>			<u>\$ 5,147,469</u>

**Note 6 - Defined benefit pension plan**

*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.

*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 10%, 10%, and 10% of their salary for the years ended June 30, 2009, 2008 and 2007, respectively. The Sheriff is required to contribute 11%, 11%, and 11% for the years ended June 30, 2009, 2008 and 2007, respectively, of covered employees' salaries. The Sheriff's contributions for the years ended June 30, 2009, 2008 and 2007 were \$1,669,831, \$1,584,331, and \$1,380,379, 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.

**Note 7 – Other post-employment benefits**

Effective with the fiscal year ended June 30, 2009, the Caddo Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45)*.

*Plan Description* - The Sheriff's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 15 years of service and attainment of age 55. Complete plan provisions are included in the official plan documents.

Dental insurance coverage is provided to retirees and the employer pays for the retiree portion of the premium only, not dependents. All of the assumptions used for the valuation of the medical benefits have been used for dental except for the trend assumption; zero trend was used for dental insurance.

Life insurance coverage is provided to retirees and the blended rate (active and retired) is \$0.29 per \$1,000 of insurance. The amount of insurance coverage while active is continued after retirement, but retiree insurance coverage amounts are reduced at age 65 to 75% of the original amount and to 50% of the original amount at age 70. The retiree pays 100% of the "cost" of the retiree life insurance in excess of \$10,000, but based on the blended rates. There is therefore an implicit employer subsidy to the extent that the higher retiree rates are diluted by the lower active rates. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance and thus estimate and value this employer subsidy. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates - Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy - Until July 1, 2008, the Sheriff recognized the cost of providing post-employment medical and life benefits (Center's portion of the retiree medical, dental, and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2009, the Sheriff contributed a total of \$336,380 for one hundred sixteen (116) retirees.

Annual Required Contribution - Caddo Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2008 is \$3,374,730 for medical, \$84,762 for dental, and \$602,681 for life, totaling \$4,062,173. The Caddo Correctional Center's portion of the liability is estimated to be 59%. The Sheriff's portion is estimated to be 41%, as set forth below:

Normal cost	\$ 726,507
30-year UAL amortization amount	938,984
Annual required contribution (ARC)	<u>\$ 1,665,491</u>

Net Post-employment Benefit Obligation (Asset) - The table below shows the Sheriff's portion of the Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2009:

Beginning Net OPEB obligation as of July 1, 2008	\$ -
Annual required contribution (ARC)	1,665,491
Interest on prior year Net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB Costs	<u>1,665,491</u>
Less: current year retiree premiums	<u>336,380</u>
Increase in net OPEB obligation	<u>1,329,111</u>
Ending net OPEB obligation as of June 30, 2009	<u>\$ 1,329,111</u>

Funded Status and Funding Progress - In the fiscal year ending June 30, 2009, Caddo Parish Sheriff's Office made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$32,214,650 (medical), \$948,368 (dental), and \$6,439,652 (life), which is defined as that portion, as determined by a particular actuarial cost method (Caddo Parish Sheriff's Office uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009, the entire actuarial accrued liability of \$39,602,670 was unfunded. The Sheriff's portion (41%) of the unfunded liability is set forth below:

Actuarial accrued liability (AAL)	\$ 16,237,095
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 16,237,095</u>
Funded ratio (actuarial accrued liability/AAL)	0%
Covered payroll	\$ 15,884,381
UAAL as a percentage of covered payroll	\$ 102.22%

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Caddo Parish Sheriff's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Caddo Parish Sheriff's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Caddo Parish Sheriff's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method - The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets - Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate - An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 8%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	18.0%
26 - 40	10.0%
41 - 54	6.0%
55+	4.0%

Post employment Benefit Plan Eligibility Requirements - Based on past experience, it has been assumed that entitlement to benefits will commence five years after eligibility to enter the D.R.O.P. (three years of BACK DROP plus two additional years), as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 15 years of service and attainment of age 55. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate - The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in July, 2004 by the Health Care Financing

Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Zero trend has been assumed for valuing life insurance and dental.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

**Method of Determining Value of Benefits** - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays the cost of the medical premium for the retirees only and not for dependents, but it is based on the blended rate for active and retired before Medicare eligibility. The medical rates provided applicable before age 65 are "blended" rates. Since GASB 45 mandates that "unblended" rates be used, we have estimated the "unblended" medical rates for retired before Medicare eligibility. It has been assumed that the retiree rate before Medicare eligibility is 130% of the blended rate. The retiree pays 100% of the blended rate for life insurance in excess of \$10,000, but there is an implicit employer subsidy.

#### **Note 8 - Lease commitments**

At June 30, 2009, the Sheriff had fourteen noncancelable operating leases. The building 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:		
2009-2010	\$	61,068
2010-2011		40,704
2011-2012		35,483
2012-2013		1,200
Thereafter		8,600
Total	\$	<u>147,055</u>

Total rental expenditure under operating leases was approximately \$204,503 for the year ended June 30, 2009. These payments are currently reimbursed by the Caddo Parish Commission, except the Training Academy and the Fleet Maintenance Building, as required by law.

#### **Note 9 - Long-term liabilities**

The long-term liabilities of the Sheriff, which are due to governmental activities, consist of liabilities for accrued compensated absences.

Activity in accrued compensated absences for the fiscal year ended June 30, 2009 is as follows:

Balance, July 1, 2008	\$	2,097,572
Additions for earned compensated absences		1,552,141
Less: use of accrued amounts	(	<u>1,504,299</u> )
Balance, June 30, 2009		2,145,414
Less current portion		<u>1,504,299</u>
Long-term portion	\$	<u>641,115</u>

The Sheriff entered into a master note for business and commercial loans dated June 30, 2009 allowing the Sheriff to borrow up to \$3,500,000 with interest at 2.00% above LIBOR, subject to change. The amounts so borrowed are payable in quarterly installments beginning September 30, 2009, continuing until June 30, 2011, when all remaining amounts are due. No amounts were drawn by the Sheriff under this agreement as of June 30, 2009.

**Note 10 - Ad valorem taxes**

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 30, and become delinquent on December 31 of the current year. The taxes are based on assessed values determined by the Tax Assessor of Caddo Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year for which levied and billed. For the year ended June 30, 2009, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rates described below on property with assessed valuations totaling \$1,707,485,910.

The following is a summary of authorized and levied ad valorem taxes which represent separate millages authorized by the voters as of June 30, 2009:

	Authorized Millage	Levied Millage	Expiration Date
Law enforcement	4.40	4.40	None
Law enforcement:			
Continued general services	1.76	1.76	12/31/2012
General services	2.85	2.85	12/31/2012
Additional funding	2.70	2.70	12/31/2012
Additional services	1.76	1.76	12/31/2012

**Note 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:

	Sheriff's Funds	Tax Collector
Balance, July 1, 2008	\$ 1,400,050	\$ 3,815,288
Additions	11,695,552	199,819,215
Reductions	( 11,679,854 )	( 199,851,229 )
Balance, June 30, 2009	\$ 1,415,748	\$ 3,783,274

**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.

**Note 12 - State revenue sharing funds**

The revenue sharing funds provided by Louisiana Act 945 were distributed as follows:

Caddo Parish	
Assessor	\$ 109,053
Commission	1,125,287
School Board	2,008,976
Sheriff	965,339
Sewerage districts	2,195
Fire protection districts	136,313
Shreve Memorial Library	432,533
Levee district	30,770
Red River Waterway Commission	107,673
Pension funds	212,339
Total	\$ <u>5,130,478</u>

**Note 13 - Protest taxes**

Louisiana Revised Statute 47:2110 provides that taxpayers, at the time of payment of all taxes due, may give notice to the Tax Collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the Tax Collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the Tax Collector refunds the amount due, with interest at the actual rate earned on the money paid under protest from the date the funds were received by the Tax Collector. At June 30, 2009, the Sheriff, as Tax Collector, held \$0 in protest taxes, which are reflected in unsettled balances due to taxing bodies and others in the statements of assets and liabilities.

**Note 14 - Contingencies, litigation, and claims*****Litigation***

At June 30, 2009, 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. 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.



**Required Supplementary Information**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**General Fund Budgetary Comparison Schedule**  
**Year ended June 30, 2009**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 15,100,000	\$ 17,100,000	\$ 17,521,271	421,271
Sales tax	2,400,000	2,600,000	2,681,277	81,277
Penalties and interest on taxes	70,000	65,000	84,035	19,035
Tax collection fees	660,000	660,000	721,562	61,562
Permits	5,000	5,000	5,160	160
Hunting and fishing licenses	1,000	1,000	-	( 1,000)
Gaming fees	310,000	380,000	416,571	36,571
State grants	100,000	50,000	35,560	( 14,440)
State revenue sharing	950,000	965,000	965,339	339
State supplemental pay	1,040,000	1,050,000	1,055,647	5,647
Federal grants	400,000	400,000	635,132	235,132
Civil and criminal fees	515,000	530,000	558,910	28,910
Transporting prisoners	80,000	120,000	137,294	17,294
Sheriff's commissions (sales)	925,000	1,000,000	1,065,203	65,203
Sheriff's commissions (garnishment)	45,000	45,000	47,117	2,117
Outside civil service	165,000	165,000	165,392	392
Stock patrol fees	3,000	3,000	4,604	1,604
Notice of seizure	2,000	2,000	2,080	80
Accident reports	8,000	8,000	8,033	33
Criminal bail bond fees	185,000	185,000	201,709	16,709
Commissions on fines	125,000	125,000	113,740	( 11,260)
Criminal fees	185,000	185,000	187,174	2,174
Appearance bond forfeitures	20,000	20,000	17,563	( 2,437)
Interest earned on investments	350,000	180,000	94,442	( 85,558)
Probation and parole fees	405,000	405,000	467,543	62,543
Gun permit fees	16,000	16,000	17,190	1,190
Miscellaneous revenue	500,000	485,000	624,524	139,524
CPC reimbursement	400,000	400,000	432,113	32,113
CCC accounting and administrative service	1,580,000	1,630,000	1,634,946	4,946
Total revenue	<u>26,545,000</u>	<u>28,780,000</u>	<u>29,901,131</u>	<u>1,121,131</u>
<b>Expenditures</b>				
Personal services	19,971,000	20,302,000	20,263,665	38,335
Contractual services	1,884,000	1,833,000	1,596,528	236,472
Materials and supplies	1,933,000	1,693,500	1,610,844	82,656
Statutory charges	449,000	481,000	493,561	( 12,561)
Other charges	4,902,000	3,886,000	3,713,096	172,904
Capital outlay	1,012,000	2,140,000	2,146,602	( 6,602)
Total expenditures	<u>30,151,000</u>	<u>30,335,500</u>	<u>29,824,296</u>	<u>511,204</u>
Excess of revenues over expenditures	( 3,606,000)	( 1,555,500)	76,835	1,632,335
<b>Other financing sources</b>				
Proceeds from sale of fixed assets	41,000	43,000	21,330	( 21,670)
Total other financing sources	<u>41,000</u>	<u>43,000</u>	<u>21,330</u>	<u>( 21,670)</u>
Net changes in fund balances	( 3,565,000)	( 1,512,500)	98,165	1,610,665
Fund balance at beginning of year	<u>13,214,729</u>	<u>13,214,729</u>	<u>13,214,729</u>	<u>-</u>
Fund balance at end of year	<u>\$ 9,649,729</u>	<u>\$ 11,702,229</u>	<u>\$ 13,312,894</u>	<u>\$ 1,610,665</u>

See Independent Auditor's Report.

**Supplemental Information**

**CADD0 PARISH SHERIFF**  
**Shreveport, Louisiana**

**Fiduciary Funds - Agency Funds**  
**Combining Balance Sheet**

**June 30, 2009**

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 1,415,748	\$ 4,801,489	\$ 6,217,237
Total assets	<u>\$ 1,415,748</u>	<u>\$ 4,801,489</u>	<u>\$ 6,217,237</u>
 <b>Liabilities</b>			
Accounts payable	\$ -	\$ 977,252	\$ 977,252
Payable to Sheriff's Office	-	40,963	40,963
Due to taxing bodies and others	1,415,748	3,783,274	5,199,022
Total liabilities	<u>\$ 1,415,748</u>	<u>\$ 4,801,489</u>	<u>\$ 6,217,237</u>

See Independent Auditor's Report.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Fiduciary Funds - Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**

**for the Year ended June 30, 2009**

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Balances, June 30, 2008	\$ 1,400,050	\$ 7,003,500	\$ 8,403,550
<b>Additions</b>			
Deposits			
Sheriff's sales	6,525,820	-	6,525,820
Bonds	4,444,958	-	4,444,958
Garnishments	724,774	-	724,774
Taxes, state revenue sharing, and fees paid to tax collector	-	199,749,159	199,749,159
Total additions	<u>11,695,552</u>	<u>199,749,159</u>	<u>211,444,711</u>
<b>Reductions</b>			
Taxes, state revenue sharing, and fees distributed to taxing bodies and others	-	201,951,169	201,951,169
Sheriff's General Fund	10,972,602	-	10,972,602
District Attorney	589,994	-	589,994
Clerk of Court	81,563	-	81,563
Indigent Defender Board	33,125	-	33,125
Other settlements	2,571	-	2,571
Total reductions	<u>11,679,855</u>	<u>201,951,169</u>	<u>213,631,024</u>
Balances, June 30, 2009	<u>\$ 1,415,747</u>	<u>\$ 4,801,490</u>	<u>\$ 6,217,237</u>

See Independent Auditor's Report.

**CADDO PARISH SHERIFF**

Shreveport, Louisiana

**Tax Collector Agency Fund****Statement of Collections, Distributions and Unsettled Balances****for the Year ended June 30, 2009**

Unsettled balances due to taxing bodies and others, at beginning of year	<u>\$ 3,815,288</u>
Collections	
Ad valorem taxes	189,830,868
State revenue sharing	5,130,478
Sporting licenses	4,360
Interest income on demand deposits	56,171
Refunds and redemptions	4,172,186
Miscellaneous costs	<u>625,152</u>
Total collections	<u>199,819,215</u>
Distributions	
Louisiana Tax Commission	18,494
Louisiana Department of Agriculture and Forestry	24,608
Louisiana Department of Wildlife and Fisheries	4,105
Caddo Parish	
Commission	35,443,347
School Board	103,197,065
Sheriff	19,321,103
Assessor	3,319,181
Waterworks districts	675
Sewerage districts	103,957
Fire protection districts	7,565,061
Hospital district	252,296
Levee district	905,260
Shreve Memorial Library	12,594,279
Clerk of Court	92,800
Red River Waterway Commission	3,133,949
Caddo/Bossier Port Commission	3,232,586
Pension funds	5,537,293
Refunds and redemptions	<u>5,105,170</u>
Total distributions	<u>199,851,229</u>
Unsettled balances due to taxing bodies and others, at end of year	<u>\$ 3,783,274</u>

See Independent Auditor's Report.

### **Supplemental Information – Grant Activity**

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

**Schedule of Expenditures of Federal Awards**

**for the Year ended June 30, 2009**

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Justice</b>			
Direct Programs			
Office of Justice Programs -Bulletproof Vest Partnership	16.607	I8PGCP502Z	7,410
Passed through Louisiana Commission on Law Enforcement			
DARE Education	16.579	E09-1-003	\$ 46,110
Narcotic K-9	16.579	B07-1-003	<u>13,007</u>
			59,117
Organized Crime Drug Enforcement Task Force (OCDEF)	n/a	K-06-0048 245-ND-72410 245-ND-71357 KB-08-0007 KB-08-0015 KB-08-0012 KB-08-0024	74,768
Total U.S. Department of Justice			<u>141,295</u>
<b>U.S. Department of Homeland Security</b>			
Passed through Louisiana Office of Homeland Security and Emergency Preparedness			
FEMA - Public Assistance - Hurricane Gustav	97.036	PW1786	137,292
Passed through Louisiana Commission on Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	97.067	2007-DJ-BX-1035 2007-GE-T7-0019 2008-GE-T8-0013	<u>283,747</u>
Total U.S. Department of Homeland Security			<u>421,039</u>
<b>U.S. Department of Transportation</b>			
Passed through Louisiana Highway Safety Commission			
Year-long Overtime	20.600	PT-2009-28-00	1,925
Total Louisiana Highway Safety Commission			<u>1,925</u>
<b>Executive Office of the President</b>			
Direct Programs			
High Intensity Drug Trafficking Areas (HIDTA)	n/a	G09GC0001A	64,132
Total Executive Office of the President			<u>64,132</u>
Total Federal Financial Assistance			\$ <u>628,391</u>

See Independent Auditor's Report.



**CADDO PARISH SHERIFF  
Shreveport, Louisiana**

**Schedule of Findings and Responses  
June 30, 2009**

**Section I - Summary of Auditor's Results**

**A. Financial Statement Audit**

Type of auditor's report issued on the basic financial statements: **Unqualified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses? **Yes**

Noncompliance material to the basic financial statements noted? **No**

**B. Audit of Federal Awards**

Type of auditor's report issued on compliance for major programs: **Unqualified**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses? **Yes**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? **Yes**

Any instances of material noncompliance in major programs disclosed during the audit? **No**

Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
97.067	Homeland Security Grant Program and Justice Assistance Grant
97.036	Public Assistance Grant (passed through the Louisiana Office of Homeland Security and Emergency Preparedness)

The dollar threshold used to identify Type A programs: **\$300,000**

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **No**

## **Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards***

### **Prior Year Findings and Responses:**

Not applicable

### **Current Year Findings and Responses**

**Item:** 2009-1

**Type of Finding:** Significant deficiency

**Condition:** It was noted that bank reconciliations for the Tax Collector accounts were not prepared timely. Specifically, the August 2008 through June 2009 bank reconciliations were not prepared until July 2009. These were also not reviewed and approved by someone other than the preparer, as prescribed.

**Effect:** A possible error, fraud, or any other issue that would have been detected through the bank reconciliation process, would not have been caught until eleven months later. By not performing bank reconciliations on a timely basis, the risk of misstatements in the cash accounts is increased.

**Cause:** The person responsible for the preparation of the bank reconciliations is very busy with performing collections and preparing for the tax sale and has a difficult time accomplishing all of the tasks. There has also been no supervisor or manager monitoring whether the bank reconciliations were prepared timely.

**Recommendation:** We recommend that management enforce the monthly preparation and review of bank reconciliations. Management has moved the responsibility for the preparation of the Tax Collector bank account reconciliations to the Caddo Parish Sheriff's accounting department.

**Management's Corrective Action Plan:** The Sheriff identified this problem prior to the end of the fiscal year. Prior to fiscal year-end, steps were taken to transfer responsibility for bank reconciliations to the accounting department. Beginning with the July 2009 bank reconciliation, they have been prepared on a timely basis by the accounting department.

Roberts, Cherry and Company reviewed the bank reconciliations for the months July – October 2009, and the review of the reconciliations did not reveal adjustments that were necessary to the cash account.

**Item:** 2009-2

**Criteria or Specific Requirement:** OMB Circular A-133 requires the auditee to identify all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include the CFDA title and number, award number and year, name of federal agency, and name of pass-through entity. In addition, a Single Audit is required if federal award expenditures exceed \$500,000.

**Type of Finding:** Significant deficiency

**Condition:** It was noted that federal funds received through a public assistance grant were improperly coded as "miscellaneous revenue". As a result, the auditee understated the federal

award expended by an amount that caused the total federal expenditures to exceed \$500,000, which required a Single Audit to be performed. In addition, the Schedule of Expenditures of Federal Awards (SEFA) did not contain all required information to identify all federal awards or the amounts expended for federal awards. Management was advised that information was missing. The corrected SEFA is reflected in this report.

**Effect:** Additional time and cost were necessary to complete the audit in accordance with Single Audit guidelines. In addition, the risk of inaccurate reporting in the SEFA increase. The issues noted, gone undetected, would have impacted accurate reporting of the SEFA and a Single Audit would not have been performed.

**Cause:** The auditee only recorded recurring grants, which are budgeted, as federal grant revenue. The grant related to hurricane disaster assistance and was not budgeted; therefore, the accounting personnel recorded it as miscellaneous revenue.

In addition, individuals responsible for providing the SEFA information are *not fully aware of the requirements of OMB Circular A-133 and the contents required in the SEFA.*

**Recommendation:** We recommend that the Caddo Parish Sheriff implement controls to ensure the SEFA is prepared accurately and reflects all required information. In addition, we recommend a person knowledgeable of the contracts reviews the SEFA for accuracy and all individuals assigned responsibility for preparing or reviewing the SEFA obtain training on the requirements of OMB Circular A-133.

**Management's Corrective Action Plan:** On a quarterly basis, the individuals responsible for different grants *will meet to discuss the status of the grants.* The information and documentation necessary for the completion of the SEFA will be accumulated, and the schedule will be updated through the end of the quarter. All individuals with responsibilities related to grants will obtain the necessary training on the requirement of OMB Circular A-133.

### **Section III – Federal Award Findings and Responses**

#### **Prior Year Findings and Responses:**

*Not applicable*

#### **Current Year Findings and Responses**

**Item:** 2009-2

This finding is not repeated – see Section II for further information

# **ROBERTS, CHERRY AND COMPANY**

*Certified Public Accountants, Consultants*

## **Independent Auditor's Report**

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Caddo Parish Sheriff as of and for the year ended June 30, 2009, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Caddo Parish Sheriff's management. Our responsibility is to express opinions 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Caddo Parish Sheriff, as of June 30, 2009, and the respective changes in financial position thereof 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 our report dated December 14, 2009, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 1 through 7 and 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Sheriff's basic financial statements. The supplemental information presented on pages 29 through 32 are presented for purposes of additional analysis and are 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.

*ROBERTS, CHERRY AND COMPANY*  
**ROBERTS, CHERRY AND COMPANY**

A Corporation of Certified Public Accountants  
Shreveport, Louisiana  
December 14, 2009

**ROBERTS, CHERRY AND COMPANY**

*Certified Public Accountants, Consultants*

**Report on Internal Control Over Financial Reporting And on Compliance And  
Other Matters 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 accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Caddo Parish Sheriff, as of and for the year ended June 30, 2009, which collectively comprise the Caddo Parish Sheriff's basic financial statements and have issued our report thereon dated December 14, 2009. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Caddo Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Caddo Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Caddo Parish Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Caddo Parish Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Caddo Parish Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the Caddo Parish Sheriff's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as findings 2009-1 and 2009-2, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Caddo Parish Sheriff's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Caddo Parish Sheriff in a separate letter dated December 14, 2009.

The Caddo Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit The Caddo Parish Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management and federal awarding agencies, pass-through entities and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**ROBERTS, CHERRY AND COMPANY**  
ROBERTS, CHERRY AND COMPANY

A Corporation of Certified Public Accountants  
Shreveport, Louisiana  
December 14, 2009

**ROBERTS, CHERRY AND COMPANY**

*Certified Public Accountants, Consultants*

**Report on Compliance With Requirements  
Applicable to Each Major Program And on Internal Control  
Over Compliance in Accordance With OMB Circular A-133**

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

**Compliance**

We have audited the compliance of 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 each of its major federal programs for the year ended June 30, 2009. Caddo Parish Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Caddo Parish Sheriff's management. Our responsibility is to express an opinion on 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 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 of Caddo Parish Sheriff's compliance with those requirements.

In our opinion, Caddo Parish Sheriff, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of Caddo Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Caddo Parish Sheriff's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Caddo Parish Sheriff's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Caddo Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Caddo Parish Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management and federal awarding agencies, pass-through entities and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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ROBERTS, CHERRY AND COMPANY

A Corporation of Certified Public Accountants  
Shreveport, Louisiana  
December 14, 2009



## **ROBERTS, CHERRY AND COMPANY**

*Certified Public Accountants, Consultants*

### **Management Letter**

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Parish Sheriff (the "Sheriff") for the year ended June 30, 2009, we considered the Sheriff's internal control to plan our auditing procedures for the purposes of expressing our opinions on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 14, 2009, on the financial statements of the Sheriff. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

#### **2009-M1 Tax Collector – Bank Transfers**

**Comment:** The Tax Collector Department does not require a second person to submit authorization to the bank to approve wire transfers between its own accounts. Currently, one person prepares a memorandum which is faxed to the bank to initiate wire transfers. The lack of internal controls leaves the department vulnerable to error or fraud. Additionally, when wire transfers are made to other organizations, only one authorized signatory outside of the Tax Collector Department is required to review and approve the transfer.

**Recommendation:** Additional controls to document approval are necessary to strengthen the internal control system of the department to ensure only proper and accurate transfers are performed. We recommend that one person initiate a bank transfer between accounts and a supervisor review and approve the transfer. For bank transfers made to other organizations, two signatures should be required on transfer requests.

**Management's response:** The bank transfer processes will be improved to require that the director of the Tax Collector Department review and approve transfers between the Sheriff's accounts. Two authorized signatories will review and approve all other bank transfers.

#### **2009-M2 Tax Collector – Checks**

**Comment:** It was noted during the review of bank reconciliations that certain checks that cleared the bank matched by amount but did not match by check number. During the check printing process, lead checks are skipped. These blank checks are not defaced and are being used to replace other checks if they do not print properly. If this occurs, the accounting personnel does not void the original check number in the system and when the replacement check number clears the bank account it does not match the check number listed in the computer system. This causes the bank reconciliations to be inaccurate.

**Recommendation:** Lead or blank checks that are printed during a check run should be properly voided and defaced immediately. They should not ever be saved to use at a later time. In addition, if a check is physically replaced it should always be voided out of the accounting system and replaced with the new check number.

**Management's response:** All void checks in a batch should be defaced or voided to ensure that check number sequence is maintained in the system. The person responsible for performing bank reconciliations will account for the check sequence.

**2009-M3      Fiduciary Funds – Work Release**

**Comment:** It was noted that the fiduciary cash amount maintained for work release inmates in accordance with Department of Corrections regulations is excessive. In addition, the fiduciary fund activity is not recorded on the trial balance.

**Recommendation:** We recommend reducing the fiduciary cash balance to a reasonable amount to reduce the risk of theft or fraud. Also, we recommend recording the fiduciary cash balance and the activity on the financial statements in order to monitor and accurately reflect the account.

**Management's response:** Once each week, when prisoner stipends are paid, a cash withdrawal will be made from the bank to cover the amount of requests that were previously received from inmates.

**2009-M4      Tax Collector - Reconciliations**

**Comment:** We noted only one individual checks to ensure that the revenue received per the daily batch reports matches the deposit.

**Recommendation:** We recommend having an additional independent person perform a reconciliation of the deposit to the daily batch reports to strengthen the internal controls and to decrease the risk of error or fraud.

**Management's response:** The director of the Tax Collector Department will review the daily deposit before it is taken to the bank.

**2009-M5      Public Assistance Grant Project Worksheets**

**Comment:** During our tests of controls over compliance with the Public Assistance Grant, we noted differences between supporting documentation and amounts claimed on the project worksheet. We noted two deputies' time was claimed at an overtime rate, when the amount paid to them was at their regular pay rate. These hours were reimbursable, but the appropriate pay rate should have been claimed. We also noted two deputies had additional overtime hours related to the disaster relief efforts which were not claimed for reimbursement on the project worksheet. These costs could have been reimbursed under the grant.

**Recommendation:** We recommend that a person with appropriate knowledge of the grant who is independent of the preparation of the request for reimbursement or project worksheet review the calculations and supporting documentation prior to submission.

**Management's Corrective Action Plan:** For future Public Assistance Grants, a person who is independent of the preparation of the request for reimbursement and project worksheet will review calculations and supporting documentation to ensure accuracy.

  
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A Corporation of Certified Public Accountants  
Shreveport, Louisiana  
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