

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

**Financial Statements**  
**Year Ended June 30, 2014**

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

**Financial Statements**  
**Year Ended June 30, 2014**

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

**CADDO PARISH SHERIFF  
Shreveport, Louisiana**

**Management's Discussion and Analysis (Unaudited)  
June 30, 2014**

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, 2014. 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 \$17,249,181 (net position) for the fiscal year ended June 30, 2014.

The net position is composed of the following:

- Capital assets, net of related debt, of \$5,240,442 representing property and equipment net of accumulated depreciation of \$8,038,941, which is reduced by outstanding debt of \$-0- related to the purchase of capital assets.
- Unrestricted net position of \$12,008,739 represents 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 \$23,343,934 this year. This compares to the prior year ending fund balance of \$23,919,781 resulting in a decrease of \$575,847 during the current year.

At the end the current fiscal year, unassigned fund balance for the General Fund was \$23,294,144, which represents 65% of the total expenditures of the Sheriff's General Fund and 66% 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 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	
		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 position</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 position</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 measurement 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 Position. The government-wide statement of position presents information that includes all of the Sheriff's assets and liabilities, with the difference reported as net position. Increase or decrease in net position 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 position 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 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 fund 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 fund 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 consist of agency funds which are reported in the fund financial statements and report taxes collected for the other taxing bodies and deposits held pending court actions.

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 and schedule of funding progress of post-retirement benefits is included as "required supplementary information" for the Sheriff's general fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget and funding of the post-retirement liabilities and can be found on page 31 in this report.

## FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff's government-wide net position at June 30, 2014, is \$17,249,181. The following table provides a summary of the Sheriff's government-wide assets, liabilities and net position:

	2014		2013	
<b>Assets</b>				
Cash, cash equivalents, receivables and other assets	\$ 24,071,985	82.12%	\$ 24,547,222	82.52%
Capital assets, net of accumulated depreciation	5,240,442	17.88%	5,198,740	17.48%
Total assets	<u>29,312,427</u>	<u>100.00%</u>	<u>29,745,962</u>	<u>100.00%</u>
<b>Liabilities</b>				
Current liabilities	728,051	6.04%	1,779,150	6.25%
Long-term liabilities	11,335,195	93.96%	8,265,640	93.75%
Total liabilities	<u>12,063,246</u>	<u>100.00%</u>	<u>10,044,790</u>	<u>100.00%</u>
<b>Net position</b>				
Investment in capital assets	5,240,442	30.38%	5,198,740	26.39%
Unrestricted	<u>12,008,739</u>	<u>69.62%</u>	<u>14,502,432</u>	<u>73.61%</u>
Net position	\$ <u>17,249,181</u>	<u>100.00%</u>	\$ <u>19,701,172</u>	<u>100.00%</u>

The Sheriff continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the government activities is 33.06:1.

The Sheriff reported positive balances in net position of the government-wide activities. Net position decreased by \$2,451,991 for government-wide activities from government-wide net position of \$19,701,172 reported at the end of the prior fiscal year. The Sheriff has \$17,249,181 in net position as of

June 30, 2014, of which 30.38% of the government-wide activities' net position is 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 position at June 30:

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues		
Fees, fines and charges for services	\$ 6,951,754	\$ 7,064,203
Operating grants and contributions	555,828	590,734
General revenues		
Taxes		
Property taxes	21,930,196	20,985,576
Sales and use taxes	2,462,299	2,308,816
State revenue sharing	400,499	399,964
Supplemental pay	1,244,482	1,232,803
Proceeds from sale of general fixed assets	71,175	74,738
Interest and investment earnings	40,143	47,541
Miscellaneous	1,342,824	1,275,410
Total revenues	<u>34,999,200</u>	<u>33,979,785</u>
Program expenses		
Public safety	<u>37,451,191</u>	<u>32,942,687</u>
Total expenses	<u>37,451,191</u>	<u>32,942,687</u>
Change in net position	( 2,451,991 )	1,037,098
Beginning net position	<u>19,701,172</u>	<u>18,664,074</u>
Ending net position	<u>\$ 17,249,181</u>	<u>\$ 19,701,172</u>

#### **FUND LEVEL STATEMENTS**

##### **GOVERNMENTAL REVENUES**

The Sheriff is heavily reliant on property taxes to support its operations. Property taxes, which total \$21,930,196 in fiscal year 2014 compared to \$20,985,576 in fiscal year 2013, provided 62.66% of the Sheriff's total revenues. The Sheriff has earned \$40,143 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 20.05% in fiscal year 2014 and 23.24% in fiscal year 2013, respectively, of the governmental operating expenses.

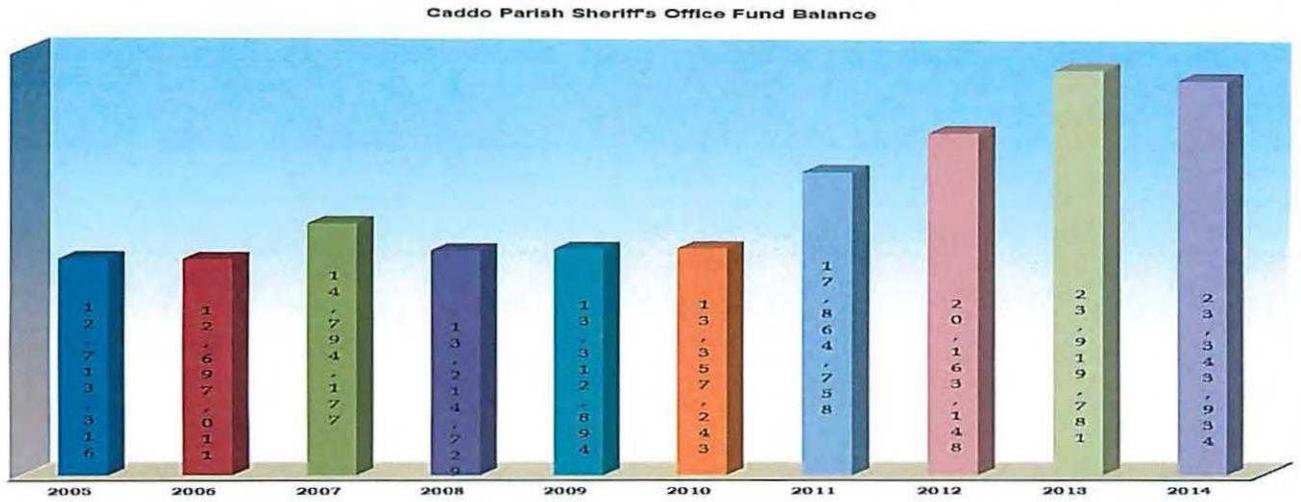
##### **FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS**

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 of the year in comparison with upcoming financing requirements. Government funds reported an ending fund balance of \$23,343,934.

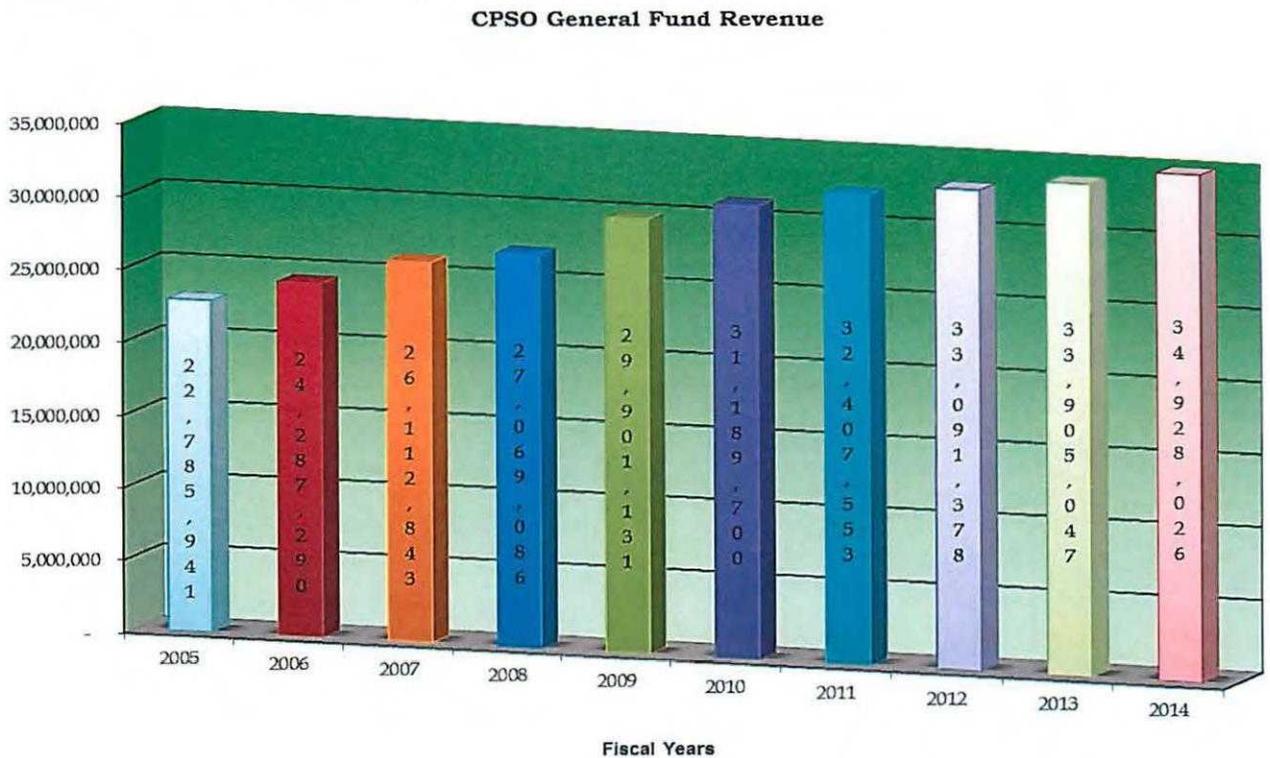
##### **MAJOR GOVERNMENTAL FUNDS**

The General Fund is the Sheriff's primary operating fund and source of day-to-day administrative and operations service. The General Fund's total fund balance as of June 30, 2014, was \$23,343,934, a decrease of \$575,847 from the prior year's fund balance. In fiscal year 2013, the fund balance increase was \$3,756,633.

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

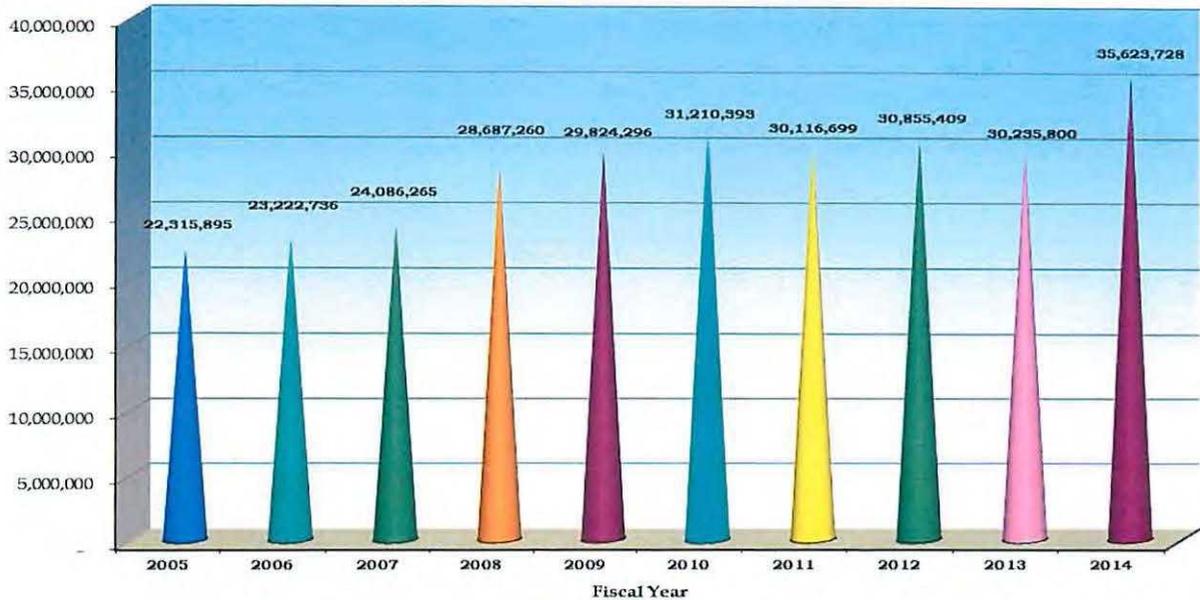


The General Fund revenue for 2014 increased \$1,022,979 over 2013. The major factors contributing to this change were increases in property tax collections. The following chart illustrates the General Fund's total revenues for the past ten fiscal years:



Operating expenditures totaled \$35,623,728 for the fiscal year 2014, which was \$5,387,928 or 17.82% more than expenditures of \$30,235,800 in fiscal year 2013. The following chart illustrates the General Fund's total expenditures for the past ten fiscal years:

CPSO General Fund Expenditures

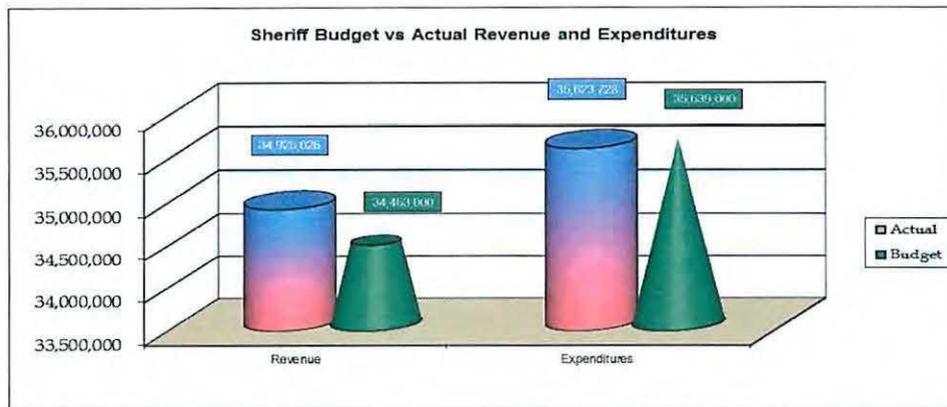


**BUDGETARY HIGHLIGHTS**

The General Fund's original revenue budget was less than the actual amounts recorded in fiscal year 2014. The final amended budgeted revenue of \$34,584,000 was slightly more than the actual amount received in fiscal year 2013 of \$30,235,800. The actual revenue recognized, on the budgetary basis, in fiscal year 2014 of \$35,047,880, exceeds the amended budgeted revenue by \$463,880.

The General Fund's original expenditure budget was more than the actual amounts recorded in fiscal year 2014. The final amended budgeted expenditures of \$35,639,000 were less than the actual expenditures in fiscal year 2013 of \$30,235,800. The actual expenditures, on the budgetary basis, in fiscal year 2014 of \$35,623,728, were less than the amended budgeted expenditures by \$15,272.

The following graph demonstrates the budgeted and actual revenue and expenditures for fiscal year 2014:



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation of \$8,038,941 as of June 30, 2014, was \$5,240,442. See Note 6 for additional information about changes in capital assets during the fiscal year. The following table provides a summary of capital asset activity.

	<u>2014</u>	<u>2013</u>
Capital assets		
Buildings	\$ 2,382,720	\$ 2,382,720
Law enforcement, weapons and equipment	2,268,537	2,226,556
Vehicles	6,495,986	5,998,321
Equipment	496,526	632,616
Computer equipment and office furniture	1,635,614	1,686,907
Total capital assets	<u>13,279,383</u>	<u>12,927,120</u>
Less accumulated depreciation	<u>8,038,941</u>	<u>7,728,380</u>
Book value – capital assets	<u>\$ 5,240,442</u>	<u>\$ 5,198,740</u>
Percentage depreciated	<u>60.54%</u>	<u>59.78%</u>

At June 30, 2014, the depreciable capital assets for government activities were 60.54% depreciated versus 59.78% in the prior year.

Depreciation expense of buildings, computer equipment, office equipment and vehicles was \$1,363,198 for fiscal year 2014 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 Position**  
**June 30, 2014**

<b>Assets</b>		
Cash and cash equivalents		\$ 12,908,597
Investments		10,290,111
Receivables		823,487
Prepaid expenses		49,790
Capital assets, net of accumulated depreciation		<u>5,240,442</u>
Total assets		<u>29,312,427</u>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
Accounts payable		168,325
Accrued expenses		<u>559,726</u>
		728,051
<b>Long-term liabilities</b>		
Portion due within one year		
Accrued compensated absences		1,402,542
Portion due after one year		
OPEB liability		8,752,891
Accrued compensated absences		<u>1,179,762</u>
Total liabilities		<u>12,063,246</u>
<b>Net position</b>		
Invested in capital assets		5,240,442
Unrestricted		<u>12,008,739</u>
Total net position		<u>\$ 17,249,181</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, 2014**

	Program Revenues		
Expenses	Fees, fines and charges for services	Operating grants and contributions	Net (expense) revenue and changes in net position
Functions/programs			
Governmental activities			
Public safety	\$ 37,451,191	\$ 6,951,754	\$ 555,828
	<u>\$ 37,451,191</u>	<u>\$ 6,951,754</u>	<u>(\$ 29,943,609)</u>
Total governmental activities	<u>\$ 37,451,191</u>	<u>\$ 6,951,754</u>	<u>(\$ 29,943,609)</u>
General revenues			
Taxes -			
Property taxes			21,930,196
Sales and use taxes			2,462,299
State revenue sharing			400,499
Supplemental pay			1,244,482
Proceeds from sale of general fixed assets			71,175
Interest and investment earnings			40,143
Miscellaneous			1,342,824
			<u>27,491,618</u>
Changes in net position			( 2,451,991)
Net position, July 1, 2013			<u>19,701,172</u>
Net position, June 30, 2014			<u>\$ 17,249,181</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, 2014**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 12,908,597
Investments	10,290,111
Receivables	348,317
Due from tax collector	475,170
Prepaid insurance	<u>49,790</u>
 Total assets	 <u><u>\$ 24,071,985</u></u>
<b>Liabilities and Fund Balances</b>	
Current liabilities	
Accounts payable	\$ 168,325
Accrued expenses	<u>559,726</u>
Total current liabilities	<u>728,051</u>
 Fund balances	
Nonspendable	
Prepaid insurance	49,790
Unassigned	<u>23,294,144</u>
 Total fund balances	 <u>23,343,934</u>
 Total liabilities and fund balances	 <u><u>\$ 24,071,985</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 Position  
June 30, 2014**

Total fund balances - governmental funds		\$ 23,343,934
 Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 13,279,383	
Less accumulated depreciation	<u>( 8,038,941)</u>	5,240,442
 Long-term liabilities		
OPEB liability	( 8,752,891)	
Compensated absences payable	<u>( 2,582,304)</u>	<u>( 11,335,195)</u>
 Net changes		
		<u>( 6,094,753)</u>
 Total net position of governmental activities		
		<u><u>\$ 17,249,181</u></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, 2014**

	<u>General Fund</u>
<b>Revenues</b>	
Ad valorem taxes	\$ 21,930,196
Sales taxes	2,462,299
Intergovernmental revenues	
Federal grants	494,207
State sources	
Grants	61,621
Revenue sharing	400,499
Supplemental pay	1,244,482
Fees, charges, and commissions for services	
Commissions on state revenue sharing	535,179
Civil and criminal fees	4,213,180
Administrative - Caddo Correctional Center (CCC)	2,151,676
Transporting prisoners	51,719
Interest	40,143
Miscellaneous	1,342,825
Total revenues	<u>34,928,026</u>
<b>Expenditures</b>	
Current - public safety	
Personnel services and related benefits	25,746,721
Operating services	1,538,793
Materials and supplies	2,173,568
Other charges	711,065
Capital outlay	1,453,581
Payments to CCC	4,000,000
Total expenditures	<u>35,623,728</u>
Excess of revenues (expenditures)	( 695,702)
Other financing sources	
Proceeds from sale of general fixed assets	119,855
Total other financing sources	<u>119,855</u>
Net change in fund balances	( 575,847)
Fund balances at beginning of year	<u>23,919,781</u>
Fund balances at end of year	<u>\$ 23,343,934</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, 2014**

Net change in fund balances - total governmental funds \$ ( 575,847)

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	\$ 1,453,581	
Disposal of capital assets	( 48,681)	
Less depreciation expense recorded	<u>( 1,363,198)</u>	41,702
Increase in OPEB liability	( 1,731,303)	
Compensated absences increase in current year	<u>( 186,543)</u>	<u>( 1,917,846)</u>
Net changes		<u>( 1,876,144)</u>
Change in net position of governmental activities		<u>\$ ( 2,451,991)</u>

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

**Statement of Fiduciary Net Position –**  
**Agency Funds**  
**June 30, 2014**

<b>Assets</b>	
Cash	\$ 8,586,857
<b>Total assets</b>	<b>\$ 8,586,857</b>
<b>Liabilities</b>	
Accounts payable	\$ 1,964,886
Payable to Caddo Parish Sheriff's Office	154,439
Prepayment program	304,900
Unsettled balances due to taxing bodies and others	6,162,632
<b>Total liabilities and net position</b>	<b>\$ 8,586,857</b>

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

**CADDO PARISH SHERIFF  
Shreveport, Louisiana**

**Notes to Financial Statements  
June 30, 2014**

**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, 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 not included as a component unit in the reporting entity of the Commission for financial reporting purposes.

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 2000 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 Position 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 Position - Fiduciary Funds - Agency 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 position 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 following practices are used in recording revenues and expenditures within the governmental funds:

**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).

**Unearned revenues**

Unearned 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 following practices are used in recording additions and reductions within the Fiduciary Funds (agency funds):

**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, 2014, was made available for public inspection and was published in the Shreveport Times, more than ten days before the public hearing, which was held on June 25, 2013, at the Caddo Parish Sheriff's office for comments from taxpayers. The budget was amended and published more than ten days before the public hearing, which was held on June 26, 2014, 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. LAMP is designed to be highly liquid to give participants immediate access to their account balances.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the Sheriff has no funds that would be classified as investments or anything with maturities greater than three months.

**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 raised a threshold level for capitalizing assets from \$1,000 or more to \$5,000 or more, as of July 1, 2013.

Capital assets are recorded in the Statement of Net Position. 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 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 position classifications** - In the government-wide statements, net position is classified and displayed in three components:

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- Restricted net position – Consists of net position 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 position – Net position that does not meet the definition of “restricted” or “invested in capital assets”.

**Fund balance classification** – The fund balance is classified into categories to make the nature and extent

of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending restraints:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Sheriff had \$49,790 in prepaid expenses which is a nonspendable resource as of June 30, 2014.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Sheriff did not have any restricted resources as of June 30, 2014.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Sheriff. These amounts cannot be used for any other purpose unless the Sheriff removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Sheriff did not have any committed resources as of June 30, 2014.
- **Assigned:** This classification includes amounts that are constrained by the Sheriff's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Sheriff or by an official or body to which the Sheriff delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Sheriff did not have any assigned resources as of June 30, 2014.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. General Fund had \$23,294,144 at June 30, 2014, classified as unassigned.

The Sheriff would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**On-behalf payments for fringe benefits and salaries** - The Caddo Parish Sheriff receives on-behalf payments from the State of Louisiana to be used for supplemental pay to qualified law enforcement officers. On-behalf payments to the Caddo Parish Sheriff totaled \$1,244,482 for the fiscal year ended June 30, 2014. Such payments are recorded as intergovernmental revenue (state supplemental pay) and public safety expenses (personnel services and related benefits) in the GAAP basis government-wide and general fund financial statements.

**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.

**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	\$ <u>34,508,000</u>	\$ <u>1,131,000</u>	\$ <u>35,639,000</u>

**Note 3 - Cash and cash equivalents**

All deposits of the Sheriff are held by area financial institutions. At June 30, 2014, the carrying amount of the Sheriff's cash deposits was as follows:

	Government -Wide Statement of Net Position	Fiduciary Funds Statement of Net Position
Demand deposits	\$ 12,908,597	\$ 8,586,857
Total demand deposits	<u>\$ 12,908,597</u>	<u>\$ 8,586,857</u>

The bank balances in the General Fund and Fiduciary Funds totaled \$22,022,892. The difference in the bank balances and the carrying amounts presented above is due to outstanding checks at June 30, 2014. Of the bank balances, \$500,006 was covered by federal depository insurance (GASB Category 1) and \$23,873,724 was collateralized with securities held by the pledging financial institution's trust department or agent, but in the Sheriff's name (GASB Category 2). The Sheriff does not have a written policy for custodial credit risk.

**Note 4 - Investments**

The Sheriff had \$10,290,111 invested with LAMP at June 30, 2014. Because these investments are not evidenced by securities that exist in physical or book entry form, they are not categorized for the purposes of this note. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments may participate in LAMP. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest. The dollar weighted average portfolio maturity of LAMP is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 395 days. The fair value of a share in LAMP is the same as the book value (i.e., a share in the pool is always worth \$1.00 per share).

**Note 5 - Receivables**

Receivables in the General Fund at June 30, 2014, are as follows:

Ad valorem taxes	\$ 137,615
Intergovernmental revenues	
Federal and state grants	144,932
Fees, charges, and commissions for services	
Auto recovery and sheriff sale commissions	100,842
Fines and bonds fees and commissions	93,604
Civil and criminal fees	80,494
Security and court fees	68,426
Gaming fees	59,970
Tax collection	18,442
Transportation of prisoners	2,962
Garnishment commissions	1,566
Patrol, reports and seizure fees	950
Refunds and reimbursements	53,437
Other	60,247
	<u>\$ 823,487</u>

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

Receivables	\$ 667,430
Due from Tax Collector	156,057
	<u>\$ 823,487</u>

**Note 6 - Capital assets**

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets, at cost				
Buildings	\$ 2,382,720	\$ -	\$ -	\$ 2,382,720
Law enforcement weapons and equipment	2,226,556	186,741	144,760	2,268,537
Computer equipment and office furniture	1,686,907	152,481	203,774	1,635,614
Equipment	632,616	-	136,090	496,526
Vehicles	5,998,321	1,114,358	616,693	6,495,986
Total cost	<u>12,927,120</u>	<u>\$ 1,453,580</u>	<u>\$ 1,101,317</u>	<u>13,279,383</u>
Less accumulated depreciation	<u>7,728,380</u>	<u>\$ 1,363,198</u>	<u>\$ 1,052,637</u>	<u>8,038,941</u>
Capital assets, net	<u>\$ 5,198,740</u>			<u>\$ 5,240,442</u>

Depreciation expense of buildings, computer equipment, office equipment and vehicles was \$1,363,198 for fiscal year 2014 and is included in total expenses for the public safety activity.

**Note 7 - 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 10.25% of their salary for the year ended June 30, 2014, and 10% for 2013 and 2012. For the year ended June 30, 2014, the Sheriff elected to contribute 5.25% of the employees' portion. The Sheriff was required to contribute 13.89%, 13.25%, and 12.5%, for the years ended June 30, 2014, 2013 and 2012, respectively, of covered employees' salaries. The Sheriff's contributions for the years ended June 30, 2014, 2013 and 2012 were \$3,449,149, \$2,271,591, and \$2,075,906, 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 8 - Other post-employment benefits**

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

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. The results for dental insurance have been included with the medical valuation and 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 available to retirees in the same amount of insurance coverage while active, 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 below 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 (Sheriff'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, 2014, the Sheriff contributed a total of \$755,825.

Effective July 1, 2008, Caddo Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**Annual Required Contribution** - Caddo Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal Cost	\$	816,625
30-year UAL amortization amount		<u>1,795,699</u>
Annual required contribution (ARC)	\$	<u>2,612,324</u>

**Net Post-Employment Benefit Obligation** - The table below shows the Sheriff's portion of the Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending June 30, 2014:

Beginning net OPEB Obligation 7/1/2013	\$ 7,021,588
Annual required contribution	2,612,324
Interest on net OPEB Obligation	280,864
Less: ARC Adjustment	<u>(406,060)</u>
OPEB Cost	2,487,128
Contribution	-
Less: Current year retiree premium	<u>(755,825)</u>
Change in net OPEB Obligation	1,731,303
 Ending net OPEB Obligation 6/30/2014	 \$ <u>8,752,891</u>

The following table shows the three-year trend of the Caddo Parish Sheriff's Office's annual other post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (OPEB) liability (asset):

<u>Post-Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
Medical, Dental, & Life Insurance	June 30, 2014	\$ 2,487,128	30.39%	\$ 8,752,891
Medical, Dental, & Life Insurance	June 30, 2013	\$ 2,420,853	20.77%	\$ 7,021,588
Medical, Dental, & Life Insurance	June 30, 2012	\$ 1,599,599	27.81%	\$ 5,103,544

**Funded Status and Funding Progress** - In the fiscal year ending June 30, 2014, Caddo Parish Sheriff made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero.

Based on the July 1, 2012, actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2014, was \$32,293,770 which is defined as that portion, as determined by a particular actuarial cost method (Caddo Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial accrued liability (AAL)	\$ 32,293,770
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>32,293,770</u>
Funded ratio (actuarial accrued liability/AAL)	-
Covered payroll	17,268,389
UAAL as a percentage of covered payroll	187.01%

**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 Projected 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** – There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, will be used.

**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 12%. The rates for each age are below:

Age	Percent Turnover
18 - 25	25.0%
26 - 40	15.0%
41 - 54	10.0%
55+	7.0%

**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 continues through Medicare until 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.

**Health Care Cost Trend Rate** - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**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.

Inflation Rate – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.5% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**Note 9 - Lease commitments**

At June 30, 2014, the Sheriff had seven contractual operating leases. The building and facilities leases are for the Training Academy, Fleet Management facility, Narcotics Task Force, Pistol Range, Cross Bayou Boat Ramp, Investigations office and Safety Town. The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal Year:		
2014-2015	\$	147,782
2015-2016		140,132
2016-2017		15,691
2017-2018		1,210
2018-2019		1,210
Thereafter		52,810
Total	\$	<u>358,835</u>

Total rental expenditure under operating leases was approximately \$133,700 for the year ended June 30, 2014. These payments are currently reimbursed by the Caddo Parish Commission, except the Training Academy and the Fleet Maintenance Building, as required by law.

**Note 10 - 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, 2014, is as follows:

Balance, July 1, 2013	\$	2,395,761
Additions for earned compensated absences		1,490,187
Less use of accrued amounts	(	<u>1,303,644</u> )
Balance, June 30, 2014		2,582,304
Less current portion	(	<u>1,402,542</u> )
Long-term portion	\$	<u>1,179,762</u>

The Sheriff entered into a master note for business and commercial loans dated June 30, 2013, 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, 2013, continuing until June 30, 2015, when all remaining amounts are due. No amounts were drawn by the Sheriff under this agreement as of June 30, 2014.

**Note 11 - 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, 2014, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rates described below on property with assessed valuations totaling \$2,017,071,683.

The following is a summary of authorized and levied ad valorem taxes which represent separate millages authorized by the voters as of June 30, 2014:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
<b>Caddo Parish Law Enforcement District:</b>			
Act 689 of 1976	4.34	4.34	None
Continued general services	1.76	1.74	12/31/2022
Additional services	1.76	1.74	12/31/2022
Additional services	2.85	2.85	12/31/2022
Additional funding	2.70	2.70	12/31/2022

As of June 30, 2014, the cash balances on hand in the tax collector account are \$6,985,021 which are included in the cash balances reflected in Note 3. During the fiscal year ended June 30, 2014, Sheriff's office, as Tax Collector for Caddo Parish, collected \$227,818,765 of 2013 assessed taxes, net of homestead exemptions of \$46,935,701. In addition, the Sheriff collected \$2,871,757 of prior year taxes in the fiscal year ended June 30, 2014.

The Sheriff has collected and uncollected taxes as of June 30, 2014, attributable to the following taxing authorities:

<u>Tax Authority</u>	<u>Collected Taxes</u>	<u>Uncollected Taxes</u>
Charles Henington, Jr. Assessor	\$ 3,918,634	\$ 51,691
Caddo Fire District No. 1	1,861,766	37,374
Caddo Fire District No. 2	63,846	414
Caddo Fire District No. 3	1,797,330	12,809
Caddo Fire District No. 4	1,148,868	18,135
Caddo Fire District No. 5	1,820,959	2,321
Caddo Fire District No. 6	762,316	16,923
Caddo Fire District No. 7	1,092,658	37,336
Caddo Fire District No. 8	968,235	44,304
Caddo Levee District	1,158	-
Caddo School Board	126,720,623	1,671,402
Caddo Sewer District 7	16,236	114
Caddo Sewer District 2	108,496	782
Caddo-Bossier Port Commission	4,185,786	55,223
Law Enforcement District	22,453,848	296,233
La Dept. Agriculture (Forest Protection)	29,608	10
La Tax Commission	24,383	1
North Caddo Hospital	423,684	12,636
Parish-Bio Medical	2,913,704	38,441
Parish-Bonded Debt Service	2,931,784	38,667

Caddo Parish	6,594,828	79,880
Parish-Courthouse Maintenance	4,353,668	57,432
Parish-Criminal Justice	455	-
Parish-Jail Facilities	9,127,063	120,390
Parish-Juvenile	3,164,783	41,751
Parish-Public Facilities	1,356,254	17,889
Parish-Public Health	3,550,149	46,829
Parish-Public Works	9,847,049	129,893
Parish-Drainage, Garbage, Roads, Parks	10	-
Red River Waterway Commission	3,912,236	51,691
Shreve Memorial Library	15,539,877	205,008
Water Districts No. 1 and No. 7	228	-
	<u>\$ 230,690,522</u>	<u>\$ 3,085,579</u>

These taxes are uncollected for these general reasons:

Taxes not paid - Mobile homes are not taken to tax sale	\$ 135,552
Taxes not paid - Oil & Gas accounts have lawsuits filed as alternative to tax sale	280,391
Taxes not paid - Personal Property account have lawsuits filed as alternative to tax sale	677,397
Taxes not paid – Public service accounts are not taken to tax sale	2,002
Taxes not paid – State Contract accounts are not taken to tax sale	58,624
Property on Adjudicated Tax Roll from prior years	1,750,760
Account coded with bankruptcy filing, not taken to tax sale	180,853
	<u>\$ 3,085,579</u>

**Note 12 - Changes in agency funds - balances due to taxing bodies and others**

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

	Sheriff's Funds	Tax Collector
Balance, July 1, 2013	\$ 1,326,400	\$ 6,418,657
Additions	11,223,598	241,055,834
Reductions	( 10,948,162 )	( 240,489,470 )
Balance, June 30, 2014	<u>\$ 1,601,836</u>	<u>\$ 6,985,021</u>

**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 13 - State revenue sharing funds**

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

Caddo Parish	
Assessor	\$ 103,320
Commission	1,070,284
School Board	1,902,189
Sheriff	935,678
Sewerage districts	1,972
Fire protection districts	140,300
Shreve Memorial Library	409,508
Red River Waterway Commission	103,321
Pension funds	207,376
Total	<u>\$ 4,873,948</u>

**Note 14 - 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, 2014, the Sheriff, as Tax Collector, held no protested taxes.

**Note 15 – Related party transactions**

The Sheriff manages and operates the Caddo Correctional Center ("Center"). For the year ended June 30, 2014, the Sheriff paid \$4,000,000 to the Center for operating expenses.

For the year ended June 30, 2014, the Center reimbursed the Sheriff \$2,151,676 for administrative services. This reimbursement is included in revenue as fees, charges, and commissions for services.

**Note 16 - Contingencies, litigation, and claims*****Litigation***

At June 30, 2014, 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.

**Note 17 - Commitments**

The Sheriff entered into a master note for business and commercial loans dated June 30, 2013, 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, 2013, continuing until June 30,

2015, when all remaining amounts are due. No amounts were drawn by the Sheriff under this agreement as of June 30, 2014.

#### **Note 18 - Subsequent Events**

The Sheriff entered into an intergovernmental agreement to take over as the director of the Caddo Office Homeland Security and Emergency Preparedness (COHSEP). This agreement was effective July 1, 2014. The Sheriff also agreed staff and run COHSEP at the expense of the Caddo Parish Sheriff's Office. In addition, the Sheriff agreed to assume exclusive responsibility to apply for and administer grant monies for COHSEP.

#### **Note 19 - Impact of Recently Issued Accounting Principles**

##### Recently Issued and Adopted

In 2013, the Sheriff adopted GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently reported as assets and liabilities as outflows of resources and inflows of resources. Implementation of GASB Statement 65 did not require the Sheriff record any adjustments or restate the net position of its governmental activities.

##### Recently Issued

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. Management has not yet determined the financial statement impact of the pronouncement.

**Required Supplementary Information**

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

**General Fund Budgetary Comparison Schedule**  
**Year Ended June 30, 2014**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 21,000,000	\$ 21,800,000	\$ 21,853,891	\$ 53,891
Sales tax	2,340,000	2,400,000	2,462,299	62,299
Penalties and interest on taxes	60,000	70,000	76,305	6,305
Tax collection fees	265,000	265,000	241,164	( 23,836)
Permits	5,000	8,000	8,605	605
Gaming fees	480,000	420,000	452,097	32,097
State grants	70,000	60,000	61,621	1,621
State revenue sharing	950,000	935,000	935,678	678
State supplemental pay	1,230,000	1,250,000	1,244,482	( 5,518)
Federal grants	450,000	450,000	494,207	44,207
Civil and criminal fees	460,000	460,000	474,243	14,243
Transporting prisoners	50,000	50,000	51,719	1,719
Sheriff's commissions (sales)	1,200,000	1,350,000	1,452,348	102,348
Sheriff's commissions (garnishment)	55,000	45,000	45,035	35
Outside civil service	150,000	140,000	136,049	( 3,951)
Stock patrol fees	3,000	3,000	223	( 2,777)
Notice of seizure	5,000	5,000	2,880	( 2,120)
Accident reports	8,000	8,000	7,567	( 433)
Criminal bail bond fees	210,000	210,000	180,051	( 29,949)
Commissions on fines	165,000	150,000	130,807	( 19,193)
Criminal fees	250,000	250,000	235,258	( 14,742)
Appearance bond forfeitures	20,000	20,000	19,275	( 725)
Interest earned on investments	40,000	40,000	40,143	143
Probation and parole fees	750,000	750,000	697,447	( 52,553)
Gun permit fees	15,000	15,000	12,775	( 2,225)
Miscellaneous revenue	472,000	559,000	775,968	216,968
CPC reimbursement	610,000	650,000	684,213	34,213
CCC accounting and administrative service	1,975,000	2,100,000	2,151,676	51,676
Total revenue	<u>33,288,000</u>	<u>34,463,000</u>	<u>34,928,026</u>	<u>465,026</u>
<b>Expenditures</b>				
Personnel services	25,234,000	25,661,000	25,746,721	( 85,721)
Contractual services	1,750,000	1,732,000	1,538,793	193,207
Materials and supplies	2,077,000	2,084,000	2,173,568	( 89,568)
Statutory charges	181,000	156,000	151,186	4,814
Other charges	4,481,000	4,484,000	4,559,879	( 75,879)
Capital outlay	785,000	1,522,000	1,453,581	68,419
Total expenditures	<u>34,508,000</u>	<u>35,639,000</u>	<u>35,623,728</u>	<u>15,272</u>
Excess of revenues over expenditures	( 1,220,000)	( 1,176,000)	( 695,702)	480,298
<b>Other financing sources</b>				
Proceeds from sale of fixed assets	63,000	121,000	119,855	( 1,145)
Total other financing sources	<u>63,000</u>	<u>121,000</u>	<u>119,855</u>	<u>( 1,145)</u>
Net changes in fund balances	( 1,157,000)	( 1,055,000)	( 575,847)	479,153
Fund balance at beginning of year	<u>23,919,781</u>	<u>23,919,781</u>	<u>23,919,781</u>	<u>-</u>
Fund balance at end of year	<u>\$ 22,762,781</u>	<u>\$ 22,864,781</u>	<u>\$ 23,343,934</u>	<u>\$ 479,153</u>

See Independent Auditor's Report.

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

**Schedule of Funding Progress for Other Post-Employment Benefit Plan**  
**June 30, 2014**

Fiscal Year End	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	( c ) Covered Payroll	(b-a/c) UAAL as a Percentage of Covered Payroll
6/30/2012	7/1/2010	\$ -	\$ 20,282,839	\$20,282,839	-	\$ 17,490,617	115.96%
6/30/2013	7/1/2012	\$ -	\$ 31,051,702	\$31,051,702	-	\$ 17,195,110	180.58%
6/30/2014	7/1/2012	\$ -	\$ 32,293,770	\$32,293,770	-	\$ 17,268,389	187.01%

See Independent Auditor's Report.

**Supplementary Information**

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

**Fiduciary Funds - Agency Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2014**

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 1,601,836	\$ 6,985,021	\$ 8,586,857
Total assets	\$ 1,601,836	\$ 6,985,021	\$ 8,586,857
 <b>Liabilities</b>			
Accounts payable	\$ 1,601,836	\$ 363,050	\$ 1,964,886
Payable to Sheriff's Office	-	154,439	154,439
Prepayment program	-	304,900	304,900
Unsettled balances due to taxing bodies and others	-	6,162,632	6,162,632
Total liabilities and net position	\$ 1,601,836	\$ 6,985,021	\$ 8,586,857

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, 2014**

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 1,326,400	\$ 6,418,657	\$ 7,745,057
<b>Additions</b>			
Deposits			
Sheriff's sales	5,435,235	-	5,435,235
Bonds	5,182,194	-	5,182,194
Garnishments	606,169	-	606,169
Taxes, state revenue sharing, and fees paid to tax collector	-	241,055,834	241,055,834
Total additions	<u>11,223,598</u>	<u>241,055,834</u>	<u>252,279,432</u>
<b>Reductions</b>			
Taxes, state revenue sharing, and fees distributed to taxing bodies and others	-	240,489,470	240,489,470
Sheriff's General Fund	6,126,300	-	6,126,300
Litigants	2,988,338	-	2,988,338
District Attorney	625,982	-	625,982
Clerk of Court	519,576	-	519,576
Indigent Defender Board	4,048	-	4,048
Other settlements	683,918	-	683,918
Total reductions	<u>10,948,162</u>	<u>240,489,470</u>	<u>251,437,632</u>
Balance, end of year	<u>\$ 1,601,836</u>	<u>\$ 6,985,021</u>	<u>\$ 8,586,857</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, 2014**

Unsettled balances due to taxing bodies and others, at beginning of year	<u>\$ 6,418,657</u>
<b>Collections</b>	
Ad valorem taxes	230,965,676
State revenue sharing	4,873,948
Interest income on demand deposits	8,776
Refunds and redemptions	3,360,615
Collection fees	1,440,997
Miscellaneous costs	405,822
Total collections	<u>241,055,834</u>
<b>Distributions</b>	
Louisiana Tax Commission	24,383
Louisiana Department of Agriculture and Forestry	25,170
Caddo Parish	
Commission	43,503,329
School Board	124,569,365
Sheriff	23,112,793
Assessor	4,012,400
Waterworks districts	228
Sewerage districts	96,069
Fire protection districts	9,268,655
Hospital district	411,284
Levee district	1,406
Shreve Memorial Library	15,452,244
Clerk of Court	25,974
Red River Waterway Commission	3,890,349
Caddo/Bossier Port Commission	4,051,841
Archon Information Systems	1,437,686
Pension funds	6,628,546
Refunds and redemptions	3,977,748
Total distributions	<u>240,489,470</u>
Unsettled balances due to taxing bodies and others, at end of year	<u>\$ 6,985,021</u>

See Independent Auditor's Report.

**CADDO PARISH SHERIFF  
Shreveport, Louisiana**

**Schedule of Findings and Questioned Costs  
June 30, 2014**

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

**A. Financial Statement Audit**

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

Internal control over financial reporting:

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

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

Was a management letter issued? **No**

**B. Audit of Federal Awards**

At June 30, 2014, the Caddo Parish Sheriff did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

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

**Current Year Findings and Responses**

**None**

**Prior Year Findings and Management Letter Comments (MLC) and Responses**

**Finding 2013-1 – Material Adjusting Journal Entries**

*Year of origination – June 30, 2013*

*Condition:*

During the performance of audit procedures, certain audit adjustments were proposed to correct misstatements that were material to the Caddo Parish Sheriff's financial statements.

*Corrective Action Taken:*

Caddo Parish Sheriff improved closing procedures by implementing a review process to ensure that year end balances are accurately recorded.

### **MLC 2013-1 – Tax Collector Outstanding Checks**

*Year of Origin – June 30, 2013*

*Condition:*

During testing of tax collector bank reconciliations, there were stale outstanding checks listed as reconciling items that were actually voided and/or reissued.

*Status:*

Resolved

*Corrective action taken:*

Management improved the bank reconciliation procedures over the tax collector bank accounts to ensure outstanding checks that have been voided and/or reissued were removed from the outstanding check list.

### **MLC 2013-2 – Fixed Assets**

*Year of Origin – June 30, 2013*

*Condition:*

A physical inventory was not performed in past several years. It is required for certain federal award programs that a physical inventory of fixed assets be performed every two years. The State of Louisiana suggests that governmental entities perform a physical inventory every year.

During the testing of fixed asset additions, we noted that there were two donated assets received by the Sheriff during the year. These were not recorded at fair market value.

*Status:*

Resolved

*Corrective action taken:*

A physical inventory was performed in June 2014. Also, procedures were implemented to ensure that donated property is recorded at fair market value.

### **MLC 2013-3 – Group Insurance Allocations**

*Year of Origin – June 30, 2013*

*Condition:*

It was noted that the allocation of group insurance expense was not being properly allocated between the Caddo Parish Sheriff and the Caddo Correctional Center. Corrections were made to the allocation in December 2012. However, we noted that the monthly allocations made after December were not being updated by comparing them to the most recent position control report.

*Status:*

Resolved

*Corrective action taken:*

Management performs monthly reconciliations of the insurance billing to the payroll personnel report to ensure that all employees are classified under the correct department.

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

**Current Year Findings and Responses**

**N/A**

**Prior Year Findings and Responses**

**NONE**

CADDO PARISH SHERIFF  
Shreveport, Louisiana

State of Louisiana, Parish of Caddo

AFFIDAVIT

Steve Prator, Sheriff of Caddo Parish

BEFORE ME, the undersigned authority, personally came and appeared, Steve Prator, the Sheriff of Caddo Parish, State of Louisiana, who after being duly sworn, deposit and said:

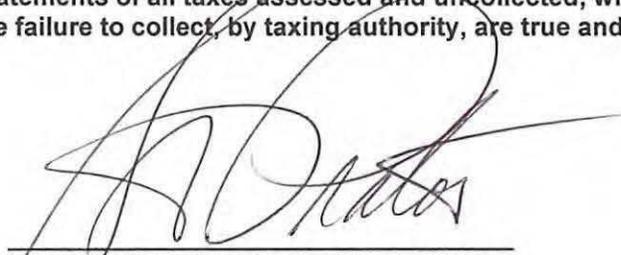
The Following information is true and correct:

The amount of cash on hand in the tax collector account on June 30, 2014, is \$6,985,021.

He further deposed and said:

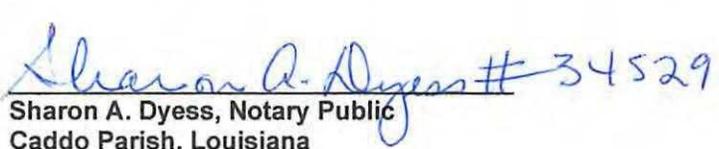
All itemized statements of the amount of taxes collected for the tax year 2013, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.



Steve Prator, Sheriff of Caddo Parish

SWORN to and subscribed before me, Notary, this 5th day of December 2014, in my office in Shreveport, Louisiana.

 # 34529  
Sharon A. Dyess, Notary Public  
Caddo Parish, Louisiana

SHARON A. DYESS, NOTARY PUBLIC  
CADDO PARISH, LOUISIANA  
MY COMMISSION IS FOR LIFE

## INDEPENDENT AUDITOR'S REPORT

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

(318) 222-2222  
(318) 226-7150 (fax)  
www.cricpa.com

### ***Report on the Financial Statements***

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, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, which includes each fiduciary fund type of the Caddo Parish Sheriff, as of June 30, 2014, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress of other post-employment benefit plan, on pages 1 through 7 and 31 through 32 be presented to supplement

the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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 combining and individual nonmajor fund financial statements, combining fiduciary funds statement of financial position and statement of changes in assets and liabilities, and the agency fund statement of collections, distributions and unsettled balances, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, combining fiduciary funds statement of financial position and statement of changes in assets and liabilities, and the agency fund statement of collections, distributions, and unsettled balances, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the combining fiduciary funds statement of financial position and statement of changes in assets and liabilities, and the agency fund statement of collections, distributions, and unsettled balances, are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Caddo Parish Sheriff's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC  
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana  
December 5, 2014



Carr, Riggs & Ingram, LLC  
650 Olive Street  
Shreveport, Louisiana 71104

**INDEPENDENT AUDITOR'S 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**

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The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Caddo Parish Sheriff, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Caddo Parish Sheriff's basic financial statements, and have issued our report thereon dated December 5, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Caddo Parish Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Caddo Parish Sheriff's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC  
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana  
December 5, 2014