

OUACHITA PARISH SHERIFF

Monroe, Louisiana

Independent Auditor's Report,

June 30, 1996

As discussed in note 8, the Ouachita Parish Sheriff is a defendant in several lawsuits. The ultimate outcome of the litigation for all suits cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying general purpose financial statements.

In accordance with *Government Auditing Standards*, I have also issued reports dated September 19, 1996, on the Ouachita Parish Sheriff's compliance with laws, regulations, contracts, and grants, and my consideration of the agency's internal control structure.



West Monroe, Louisiana

September 19, 1996



**Independent Auditor's Report on Compliance
With Laws, Regulations, Contracts and Grants**

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PRACTICE LIMITED TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING

OUACHITA PARISH SHERIFF
Monroe, Louisiana

I have audited the general purpose financial statements of the Ouachita Parish Sheriff as of June 30, 1996, and the year then ended, and have issued my report thereon dated September 19, 1996.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, or contracts that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following instances of noncompliance.

Responses to audit findings are normally presented in condensed or general terms however, due to the extent and wording of the responses to my findings by both the former and current sheriffs and to avoid any incorrect interpretation of those responses, they are presented in this report verbatim (word for word, letter for letter).

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**Independent Auditor's Reports Required
by *Government Auditing Standards***

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

REDUCTIONS

Deposits, taxes, fees et cetera settled to:

State agencies	472,957			472,957
Tensas Basin levee district	1,119,264			1,119,264
Ouachita Parish:				
Sheriff's General Fund		376,825		
Police jury	5,309,664			5,686,489
School board	12,595,695			12,595,695
Assessor	11,604,293			11,604,293
Clerk of court	870,667			870,667
East Ouachita recreation district	109,765	97,636		207,401
Mosquito abatement district	423,996			423,996
G. B. Cooley hospital	505,134			505,134
West Ouachita sewerage district	700,217			700,217
Fourth Judicial District:	85,561			85,561
District attorney			2,100	
Indigent defender board	253,340			255,440
District court	285,454			285,454
Judicial expense fund	350,498			350,498
North Louisiana Crime Lab	111,334			111,334
Litigants	121,731			121,731
Advertising		906,487		906,487
Pension funds	18,784	9,709		28,493
Refunds	893,169			893,169
Municipalities	255	57,681	120,449	669,139
Other settlements	530			530
Total reductions	119,422	105,484		530
	<u>35,951,730</u>	<u>1,553,822</u>	<u>122,549</u>	<u>38,769,647</u>
			<u>136,225</u>	<u>875,698</u>
			<u>345,409</u>	<u>169,158</u>
			<u>374,108</u>	<u>169,158</u>
			<u>462,055</u>	<u>28,699</u>
			<u>598,280</u>	<u>374,108</u>
			<u>122,549</u>	<u>169,158</u>

UNSETTLED BALANCES AT END OF YEAR - DUE TO TAXING BODIES AND OTHERS

	<u>\$571,496</u>	<u>\$59,744</u>	<u>\$150,526</u>	<u>NONE</u>	<u>\$22,001</u>	<u>\$43,531</u>	<u>\$847,298</u>
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OUACHITA PARISH SHERIFF
Monroe, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Balances
Due to Taxing Bodies and Others
For the Year Ended June 30, 1996

	TAX COLLECTOR FUND	CIVIL FUND	BOND FUND	CRIMINAL FUND	LICENSE FUND	PARTIAL PAYMENTS FUND	TOTAL
	\$947,888	\$49,850	\$103,975	NONE	\$24,777	\$103,779	\$1,230,269
ADDITIONS							
Deposits:							
Sheriff's sales		1,375,654					1,375,654
Fines, bond forfeitures and costs	2,242,319		169,100			108,910	2,520,329
Other deposits		188,062		598,280	371,332		1,157,674
Ad valorem taxes	30,115,056						30,115,056
In lieu of taxes	89,677						89,677
State revenue sharing	2,584,131						2,584,131
Sportsman licenses	392,892						392,892
Interest on:							
Demand deposits	35,355						35,355
Protest taxes - escrow accounts	14,493						14,493
Delinquent taxes	54,932						54,932
Auto dealers taxes	1,916						1,916
Costs, notices etc.	44,567						44,567
Total additions	35,575,338	1,563,716	169,100	598,280	371,332	108,910	38,386,676
Total	36,523,226	1,613,566	273,075	598,280	396,109	212,689	39,616,945

**UNSETTLED BALANCES AT
BEGINNING OF YEAR - DUE TO
TAXING BODIES AND OTHERS**

ADDITIONS

Deposits:

 Sheriff's sales

 Fines, bond forfeitures and costs

 Other deposits

 Ad valorem taxes

 In lieu of taxes

 State revenue sharing

 Sportsman licenses

Interest on:

 Demand deposits

 Protest taxes - escrow accounts

 Delinquent taxes

 Auto dealers taxes

 Costs, notices etc.

Total additions

Total

OUACHITA PARISH SHERIFF
Monroe, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Balance Sheet, June 30, 1996

	<u>TAX COLLECTOR FUND</u>	<u>CIVIL FUND</u>	<u>BOND FUND</u>	<u>CRIMINAL FUND</u>	<u>LICENSE FUND</u>	<u>PARTIAL, PAYMENTS FUND</u>	<u>TOTAL</u>
ASSETS							
Cash and cash equivalents	<u>\$571,496</u>	<u>\$59,744</u>	<u>\$150,682</u>	<u>\$15</u>	<u>\$23,832</u>	<u>\$45,035</u>	<u>\$850,804</u>
LIABILITIES							
Due to General Fund			\$156	\$15	\$1,831	\$1,504	\$3,506
Due to taxing bodies and others	<u>\$571,496</u>	<u>\$59,744</u>	<u>150,526</u>		<u>22,001</u>	<u>43,531</u>	<u>847,298</u>
TOTAL LIABILITIES	<u>\$571,496</u>	<u>\$59,744</u>	<u>\$150,682</u>	<u>\$15</u>	<u>\$23,832</u>	<u>\$45,035</u>	<u>\$850,804</u>

OUACHITA PARISH SHERIFF
Monroe, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 1996

FIDUCIARY FUND TYPE - AGENCY FUNDS

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, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes, licenses, and fees to the appropriate taxing bodies.

CIVIL FUND

The Civil Fund accounts for the collection of funds in civil suits and sheriff's sales, and the payment of these collections to the sheriff's General Fund and other recipients in accordance with applicable laws.

BOND FUND

The Bond Fund accounts for the collection of cash bonds and either the transfer of these collections to the Tax Collector Fund for payment to recipients in accordance with applicable laws, or the refund to individuals.

CRIMINAL FUND

The Criminal Fund accounts for the collection of ad valorem taxes paid under protest, redemptions of prior years taxes, and garnishments and the subsequent payment of these collections to the recipients in accordance with applicable laws.

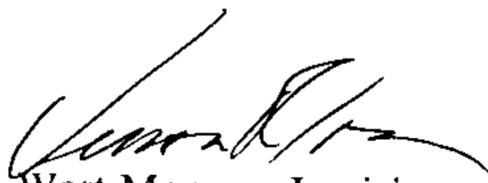
LICENSE FUND

The License Fund accounts for deposits received from various dealers who, as agents of the Sheriff's office, sell Louisiana hunting and fishing licenses to the public. The deposits, as licenses are sold by the dealers, are subsequently transferred to the Tax Collector Fund for settlement to the Louisiana Department of Wildlife and Fisheries and the sheriff's General Fund. The balance, representing unsold licenses returned by the dealers, is refunded to the dealers.

OUACHITA PARISH SHERIFF
Monroe, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.,
June 30, 1996

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, I do not consider the reportable conditions described above to be material weaknesses.

This report is intended for the information of the Ouachita Parish Sheriff, management of the sheriff, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
September 19, 1996

OUACHITA PARISH SHERIFF
 Monroe, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL FUND
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget
 (GAAP Basis) and Actual, etc.

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$2,539,910)</u>	<u>(\$1,189,701)</u>	<u>(\$446,886)</u>
OTHER FINANCING SOURCES			
Sale of assets		20,155	20,155
Compensation for damage to assets	17,000	35,799	18,799
Total other financing sources	<u>17,000</u>	<u>55,954</u>	<u>38,954</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(2,522,910)	(1,133,747)	1,389,163
FUND BALANCE AT BEGINNING OF YEAR	<u>8,839,699</u>	<u>8,979,334</u>	<u>139,635</u>
FUND BALANCE AT END OF YEAR	<u>\$6,316,789</u>	<u>\$7,845,587</u>	<u>\$1,528,798</u>

(Concluded)

The accompanying notes are an integral part of this statement.

OUACHITA PARISH SHERIFF
Monroe, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended June 30, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes - ad valorem	\$4,250,000	\$4,328,224	\$78,224
Intergovernmental revenues:			
Federal grants	173,340	74,312	(99,028)
State grants:			
State revenue sharing (net)	365,000	366,683	1,683
State supplemental pay	600,000	642,130	42,130
Other state funds	280,000	687,969	407,969
Fees, charges, and commissions for services:			
Civil and criminal fees	615,000	664,939	49,939
Commissions on licenses and taxes	329,000	317,090	(11,910)
Court attendance	10,300	11,500	1,200
Transportation of prisoners	28,500	30,455	1,955
Feeding and keeping of prisoners	1,500,000	1,869,869	369,869
Tax notices, etc	18,250	27,341	9,091
Other	175,000	228,373	53,373
Use of money and property	400,000	470,294	70,294
Other	41,000	53,924	12,924
Total revenues	<u>8,785,390</u>	<u>9,773,103</u>	<u>987,713</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	9,200,000	9,074,411	125,589
Operating services	845,300	836,700	8,600
Materials and supplies	700,000	624,828	75,172
Travel and other charges	80,000	56,904	23,096
Capital outlay	500,000	369,961	130,039
Total expenditures	<u>11,325,300</u>	<u>10,962,804</u>	<u>362,496</u>

(Continued)

OUACHITA PARISH SHERIFF
 Monroe, Louisiana
 Notes to the Financial Statements (Continued)

Fund	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$3,506	
Agency funds:		
Bond Fund		\$156
Clearing Fund		15
License Fund		1,831
Partial Payments Fund		<u>1,504</u>
Total	<u>\$3,506</u>	<u>\$3,506</u>

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in office furnishings and equipment for the year ended June 30, 1996, follows:

Balance at July 1, 1995	\$2,933,278
Additions:	
Purchases	369,961
Other	22,083
Deletions	<u>(288,986)</u>
Balance at June 30, 1996	<u>\$3,036,336</u>

5. PENSION PLAN

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

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 per cent for each year if total service is at least 12 but less than 15 years, 2.75 per cent for each year if total service is at least 15 but less than 20 years, and 3 per cent for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1980). In any case, the retirement benefit cannot exceed 100 per cent of their final-

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

OUACHITA PARISH SHERIFF
Monroe, Louisiana
Supplemental Information Schedules

PARTIAL PAYMENT FUND

The Partial Payment Fund accounts for the collection of partial payments of fines and costs and the subsequent transfer of these collections to the Tax Collector Fund for payment to recipients in accordance with applicable laws.



Independent Auditor's Report

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PRACTICE LIMITED TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING

OUACHITA PARISH SHERIFF Monroe, Louisiana

I have audited the general purpose financial statements of the Ouachita Parish Sheriff, a component unit of the Ouachita Parish Police Jury, as of June 30, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ouachita Parish Sheriff's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ouachita Parish Sheriff as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Ouachita Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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C O N T E N T S (CONTD.)

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OUACHITA PARISH SHERIFF
Monroe, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1996
With Supplemental Information Schedules

C O N T E N T S

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OUACHITA PARISH SHERIFF

Monroe, Louisiana

Notes to the Financial Statements (Continued)

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

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

Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the Ouachita Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 6.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Ouachita Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Ouachita Parish Sheriff's contributions to the System for the years ended June 30, 1996, 1995, and 1994 were \$403,441, \$313,815, and \$287,309, respectively, equal to the required contributions for each year.

6. POST RETIREMENT BENEFITS

The Ouachita Parish Sheriff provides certain health care and life insurance benefits for retired employees. Substantially all of the sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the sheriff's office. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the sheriff. The sheriff recognizes the cost of providing these benefits (the sheriff's cost of premiums) as an expenditure when the monthly premiums are due, which were \$1,260,893 for the year ended June 30, 1996. Of this amount, \$55,235 was for retiree benefits.

7. CHANGES IN AGENCY FUND BALANCES

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

OUACHITA PARISH SHERIFF
 Monroe, Louisiana
 Notes to the Financial Statements (Continued)

	<u>Balance at July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30</u>
Agency funds:				
Tax collector	\$947,888	\$35,575,338	(\$35,951,730)	\$571,496
Civil	49,850	1,563,716	(1,553,822)	59,744
Bond	103,975	169,100	(122,549)	150,526
Criminal	NONE	598,280	(598,280)	NONE
License	24,777	371,332	(374,108)	22,001
Partial payments	103,779	108,910	(169,158)	43,531
Total	<u>\$1,230,269</u>	<u>\$38,386,676</u>	<u>(\$38,769,647)</u>	<u>\$847,298</u>

8. LITIGATION AND CLAIMS

At June 30, 1996, the Ouachita Parish Sheriff is involved in several lawsuits. Two of the lawsuits were filed by former employees of the sheriff's office for unspecified damages. These two lawsuits are not insured by the Louisiana Sheriff's Risk Management Program or its excess carrier, since they involve a lawsuit by employees against the Sheriff. All other lawsuits are covered by the Louisiana Sheriff's Risk Management Program or its excess carrier. No provision for any liability resulting from the lawsuits has been made in the accompanying financial statements.

**9. EXPENDITURES OF THE SHERIFF'S OFFICE
 PAID BY THE PARISH POLICE JURY**

The Ouachita Parish Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Ouachita Parish Police Jury.

10. FEDERAL FINANCIAL ASSISTANCE

During the year ended June 30, 1996, the sheriff participated in the following federal financial assistance programs:

OUACHITA PARISH SHERIFF
 Monroe, Louisiana
 Notes to the Financial Statements (Continued)

<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>RECEIPTS</u>	<u>REVENUE</u>	<u>ISSUES/ EXPENDITURES</u>
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution	10.550	<u>\$1,618</u>	<u>\$1,618</u>	<u>\$1,618</u>
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice - Drug Control and Systems Improvement - Intensive Incarceration	16.579	14,552	7,236	7,236
Office of Community Oriented Policing Services - COPS AHEAD	16.710	<u>60,961</u>	<u>60,961</u>	<u>60,961</u>
Total United States Department of Justice		<u>75,513</u>	<u>68,197</u>	<u>68,197</u>
Other federal assistance	N/A	<u>4,497</u>	<u>4,497</u>	<u>4,497</u>
Total Federal Financial Assistance		<u>\$81,628</u>	<u>\$74,312</u>	<u>\$74,312</u>

11. CHANGE IN ELECTED OFFICIAL

Effective June 30, 1996, the term office of Sheriff Laymon Godwin expired. As a result of elections held in 1995, Sheriff Charles "Chuck" Cook assumed office effective July 1, 1996.

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OUACHITA PARISH SHERIFF
Monroe, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1996
With Supplemental Information Schedules

OUACHITA PARISH SHERIFF
Monroe, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera. As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsmen licenses, and fines, costs, and bond forfeitures imposed by the district court.

The sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

A. REPORTING ENTITY

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

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

1. Appointing a voting majority of an organization's governing body,
and

OUACHITA PARISH SHERIFF
Monroe, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, June 30, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	FIDUCIARY FUND TYPE - AGENCY FUNDS	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS				
Cash and cash equivalents	\$779,054	\$850,804		\$1,629,858
Investments	6,494,375			6,494,375
Receivables	726,680			726,680
Due from other funds	3,506			3,506
Office furnishings and equipment			\$3,036,336	3,036,336
TOTAL ASSETS AND OTHER DEBITS	<u>\$8,003,615</u>	<u>\$850,804</u>	<u>\$3,036,336</u>	<u>\$11,890,755</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$30,642			\$30,642
Payroll withholding payable	5,077			5,077
Pension payable	122,309			122,309
Due to other funds		\$3,506		3,506
Due to taxing bodies and others		847,298		847,298
Total Liabilities	<u>158,028</u>	<u>850,804</u>	<u>NONE</u>	<u>1,008,832</u>
Fund Equity:				
Investment in general fixed assets			\$3,036,336	3,036,336
Fund balance - unreserved - undesignated	7,845,587			7,845,587
Total Fund Equity	<u>7,845,587</u>	<u>NONE</u>	<u>3,036,336</u>	<u>10,881,923</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$8,003,615</u>	<u>\$850,804</u>	<u>\$3,036,336</u>	<u>\$11,890,755</u>

The accompanying notes are an integral part of this statement.

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Andrew Kelly was the timekeeper for the Uniform Division. He stated Deputy Gregory did come down and pick up the timesheets to do the computations for the payroll due out on June 24. When Deputy Gregory completed her work on June 20th, she turned it over to Deputy Laura Endsley for entering in the computer and preparation of the payroll.

Deputy Gregory was one of the deputies leaving the Sheriff's office along with the other thirty-one plus deputies, so upon completion of the timesheets, she filed them in their personnel folders and put them in the terminated files. This information should suffice to explain why there were no hours posted on the timesheets. The deputies have signed affidavits of their time worked. (See Exhibit X.)"

Auditor Followup: A meeting was held with the former sheriff on September 18, 1996, to discuss the audit findings. Follow up procedures were conducted based on the former sheriff's responses stated above. The following comments are the result of that follow up:

1. This finding is directly related to the previous finding with regard to paying the employee for the three months he was on leave without pay. As there is no change in the previous finding, there is no change in this finding. If it is improper to pay the employee for the three months he was on leave without pay, it is also improper to pay him for accumulated leave during that period.
2. A reexamination of the five employees' leave records disclosed only one whose records indicated approval for carrying forward accrued leave. That employee's records, taking into consideration the approval of carryforward, indicated that he was paid for 112 hours in excess of amounts supported by his records
3. Based on the former sheriff's response, a review was made of the affidavits signed by the five employees and a discussion was held with the time keeper for the uniform division. The time keeper stated that the employees' time sheets were turned in to the former sheriff's secretary around the middle of June and he was told that she would keep timesheets for those employees for the rest of the month. He further stated that, to his knowledge, those five employees were at work during the entire month of June. While it is probable that those employees were at work, as auditor, I still have time sheets supporting the payment of salaries which do not document that the individuals worked. Because of the lack of adequate support on file in the sheriff's office, it is still my recommendation that the matter be addressed by the current sheriff, that the unexamined employees' records be reviewed and a determination be made regarding whether any further action is warranted.

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**Payment to Employee Appears
To be in Violation of State Law**

Finding: In June 1996, an employee was paid a lump sum of \$11,964 which equaled three months salary for the employee. The employee was on leave of absence from the sheriff's office from August 21, 1995 until November 20, 1995 and did not receive a salary during this time period. The employee's 1995 time sheet documents that the employee was absent from duty during the period August 21, 1995 until November 20, 1995. The Louisiana Attorney General opined in Opinion Number 86-652 that the payment of wages to public employees for hours not worked is a violation of Article 7 Section 14 of the Louisiana Constitution and is punishable as a crime under Louisiana Revised Statute 14:138. Article 7 Section 14 of the Louisiana Constitution provides in part that the funds of the state or of any political subdivision shall not be loaned, pledged, or donated to any person, association, or corporation. Louisiana Revised Statutes 14:138 provides that public payroll fraud is committed when a person shall knowingly receive payment or compensation for services not actually rendered or when a public officer shall pay any employee with knowledge that such employee is receiving payment or compensation for services not actually rendered by the employee. It is my understanding that the sheriff agreed to pay the employee for the time that he was on leave of absence to prevent the employees' retirement benefits from decreasing.

Recommendation: The sheriff should not pay employees who are on a leave of absence. Employees should be paid only for hours actually work. The current sheriff should review the finding and take whatever action he deems appropriate.

Response From Former Sheriff: "Upon my announced retirement; Chief Deputy Fewell decided to run for Sheriff. To my knowledge there is no law requiring an employee of the Sheriff's office to take a Leave of Absence to run for political office. However, because I had been asked to do so by former Sheriff Bailey Grant when I ran sixteen years ago, I advised Fewell to do so.

Chief Fewell was defeated in the election. He was not hired by the new Sheriff (Administration). However, see copy of attached letter to Mr. Charles Cook, dated March 28, 1996, whereby I had previously discussed employment with him and then confirmed it trying to bring him on board for the transition.

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Deputy Laura Endsley, bookkeeper and payroll responsibilities, brought up the matter on why Chief Fewell was being penalized when Veterans can purchase their time for pension benefits when they are on leave. (See Exhibit I.) Deputy Endsley had called the Pension office and discussed it with Mrs. Yvonne Richardson. The matter regarding the Pension Fund paying for Fewell's time (thought to be the same precedence as buying military time) was discussed in a Pension Board meeting on June 12, 1996 (See Exhibit II) consisting of eight Sheriffs and six deputies (active and retired). After much discussion and based upon the recommendations from the Pension Board that the issue could be resolved by Ouachita Parish paying Chief Fewell's back-pay and Chief Fewell contributing his portion (Exhibit III), we paid his salary for the Leave time.

The previous office administration will attest to the fact that he regularly showed for work. (See Exhibit I, Laura Endsley dated 08/12/96.) Chief Fewell came in almost daily to handle departmental business, answering telephone messages, signing checks, handling mail, meetings, etc. during his stated Leave.

Chief Fewell was an exempt employee under the FLSA Wage and Hour Law and not necessarily on the clock -- a salaried employee rather than hourly, who gave supervision to the deputies and was paid a salary no matter how many hours he logged each day due to the nature of this profession. He was on call 24 hours a day, and I consulted with him on departmental business. He earned his salary. (See Exhibit IV, Policy Book Manual Page F-25, A-1, and E-2).

The payment of back-pay for Chief Fewell was not done with any Intent other than to clean up all the back-pay due the deputies for compensatory time, vacation time, time worked, etc., for the approximately thirty-one plus deputies who were being terminated as of June 30. In fact, I had been in many consultations with my attorneys at Weeks & Usry, to make sure that we were making payments to the terminated deputies legally and within the Law. (See attached Exhibit V - Staff Minutes dated June 4, 1996; Exhibit VI - Telephone Conversation with Attorney John Weeks, dated Jan. 2, 1996, 10:30 a.m.).

There was no intent as explained above, Chief Fewell's matter was brought to our attention by in-house Deputy Laura Endsley, who is also a Sheriff's Pension Board Member, discussed publically in a Pension Board meeting and it does not violate Article 7 Section 14 of the Louisiana Constitution and Louisiana Revised Statute 14:138."

Auditor Followup: The first two and last two paragraphs of the former sheriff's response do not require followup or response. The third paragraph concerns the employee's leave without pay affecting his retirement benefits and is not relevant to the finding. The fourth and fifth paragraphs do address the finding, however, they do not alter the fact that the employee's time sheets for the

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period under question are signed by the employee and indicate that he did not work. It would be assumed that fulfilling the responsibilities of the employee's position, that of chief deputy, would require more than minimal time. The response by the former sheriff does not change the finding.

Response From Current Sheriff: "Although this employee's name is not mentioned, the current Sheriff is aware that Richard Fewell, Sr. was the employee to which this finding refers. Mr. Fewell was a major candidate for the office of Ouachita Parish Sheriff. The current Sheriff is also aware that he was on unpaid leave during the majority of the campaign. Fewell is alleged to have occasionally gone to the office; however, those infrequent visits did not change his unpaid leave status.

Fewell himself told both the media and the public that he had taken unpaid leave from the Sheriff's Office in order to campaign. He did not receive pay during the time frame indicated in this finding. His status as an employee on leave without pay is further supported by the fact that he began paying his own insurance premiums through the Consolidated Omnibus Budget Reconciliation Act (COBRA). The federal law constituting the provisions of COBRA become applicable only upon an employee's termination of employment for a specified period of time. Therefore, Fewell could not have paid COBRA premiums unless his employment actually had been terminated even for the brief period of time he was on unpaid leave. The law requires an employer to allow continuation of health insurance coverage for a specified period of time after termination of employment; however, the employee must pay the premiums.

It was not until Fewell was about to retire, over seven months after the election, that he was paid for the very time that he was campaigning for the Office of Sheriff in the fall of 1995. Not only was he paid his full salary for the time he was on leave campaigning and not entitled to receive pay, he also was allowed reimbursement for his COBRA premiums.

The facts speak for themselves. Fewell definitely was on leave without pay and should never have been paid for the time spent campaigning nor should he have been reimbursed insurance premiums expended during that time frame.

This situation cannot be justified by claiming, after the fact, that Fewell occasionally came into the office. If this situation is considered justifiable then it begs the questions of (1) Why did Fewell publicly proclaim that he was on unpaid leave?; (2) Why, as stated by the auditor, do Fewell's records indicate that he was on unpaid leave?; (3) Why didn't the office pay Fewell's insurance premiums instead of Fewell paying the premiums through COBRA? and (4) Why wasn't Fewell paid his salary as he earned it rather than more than seven months after the election?

SUPPLEMENTAL INFORMATION SCHEDULES

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Response From Former Sheriff: "Item 1. Richard Fewell paid 40 hrs. vacation on L.O.A. Since we paid back-pay to Chief Fewell for salary earned during his Leave time (as explained above), he would also be eligible for 40 hrs. vacation pay.

Regarding the Sheriff's Leave Policy and Payment of Vacations (See Exhibit VII, Departmental Policy, Page F-12.) The back-pay plus 40 hrs. vacation paid June 1996 is explained; however, the timesheet showing LOA August 21, 1995 - November 20, 1995 was filed in the Chief's personnel folder in January 1996. No documentation was made to the timesheet or personnel file to substantiate the payment made in late June, 1996. This was clearly an oversight as the departmental employees were trying to close down my administration and be gone as of June 28.

There was not any intent as explained in Item 1, and it does not violate Article 7 Section 14 of the Louisiana Constitution and Louisiana Revised Statute 14:138.

Item 2. - Five employees (Harvey Houston, Todd Cummings, Randy Evans, Perry Mercer and Donald Wheelis) -- Deputy Terrie Gregory did the computations provided to her from the departmental supervisors, used the accumulated vacation and compensatory time brought forward for prior years, and upon the advice of legal Counsel, we paid all monies due the deputies. (See Exhibit VI, telephone conversation with Weeks.) The Sheriff's Policy Manual (See Exhibit VII, pages F-11 & F-12) states "All accrued vacation days shall be taken prior to the next year's anniversary date unless approved by the Bureau Director or Office of the Sheriff." Please note Exhibit VIII, letter from Mr. Coon to Lt. Endsley, dated May 23, 1996, of which I was not copied, does not accurately state this policy.

The Sheriff encouraged deputies to take their vacations during the year; however, many times deputies could not take the time off (for whatever reason), and I certainly was not going to beat anyone out of the time they had legitimately earned. So it was allowed to be brought forward, and most of the deputies did so on a regularly basis.

There was documentation in the deputies files to support the payments for accrued vacation and compensatory time. The Auditor only went back for 1995 and 1996. We were advised by Counsel to pay all hours carried on the books. (Exhibit IX, Staff minutes, dated February 6, 1996)

Item 3. - Five employees (Todd Cummings, Joe Davis, Randy Evans, Glen Springfield, Perry Mercer) were documented as having not worked during June 18 - June 28 and accumulated leave through June 30, 1996: These employees' timesheets were pulled around the 18th or 19th of June by Deputy Gregory so that she could compute the vacation, compensatory time, time worked, etc. for the deputies because the normal pay period was June 24, but the deputies actually worked through June 30, 1996.

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II. VACATION AND SICK LEAVE

After one year of service, employees of the sheriff's office earn 8 days of vacation leave per year plus one day for each year of service, up to a maximum of 20 days. Sick leave is earned at the rate of one day per month up to a maximum of 60 days. Vacation leave cannot be accumulated and carried forward to succeeding years (ie., past the employee's anniversary date). Employees are not paid for accumulated sick leave upon separation from service.

I. TOTAL COLUMN ON THE BALANCE SHEET

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

2. RECEIVABLES

The General Fund receivables of \$726,680 at June 30, 1996, are as follows:

<u>Class of receivables</u>	
Ad valorem taxes	\$16,282
Intergovernmental revenues:	
State grants	190,247
Fees, charges, and commissions for services:	71,162
Feeding prisoners	426,000
Others	<u>22,989</u>
Total	<u>\$726,680</u>

3. DUE FROM OTHER FUNDS

Individual balances due from/to other funds at June 30, 1996, are as follows:

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Response From Current Sheriff: Twenty-six full-time and five part-time employees were not retained on the payroll by the current Sheriff. The current Sheriff chose to invoke his right to select the persons to fill those positions. Two Hundred Twenty-Four full-time employees were retained on the payroll by the current Sheriff.

This finding mentions several employees and indicates that the auditor took a random sampling of the thirty-one (31) employees not retained. Fourteen employees made up the sampling actually audited. The current Sheriff had no input into deciding whose records should be examined.

Subsequent to the audit, the current Sheriff was advised by the auditor that the employee mentioned in subsection 1 of this finding was Richard Fewell, Sr. The names of the five employees mentioned in subsections 2 and 3 were not discussed; consequently, at this time, the current Sheriff does not know exactly which employee records were included in the audit and which employee records were not included.

The first subsection mentioned under this finding also refers to Richard Fewell. The Auditor indicates that Fewell was paid, prior to his retirement in June, 1996, for leave time that he allegedly accumulated while he was on unpaid leave. Since Fewell was on unpaid leave, he could not have accumulated any leave time at all. This particular incident is not unlike the auditor's initial finding. If Fewell was paid for leave time to which he was not entitled and for which he did not actually render services, payment of monies for that time is a possible violation of R.S. 14:138 and will be referred to the District Attorney.

The finding regarding the five employees whose records indicate they did not work during the period from June 18, 1996 through June 28, 1996 and who were paid for accumulated leave through June 30, 1996, will also be referred to the District Attorney.

The current Sheriff will request that the District Attorney ascertain the names of the employees whose records were included in the audit as well as those whose records were not included. That request will necessarily encompass the examination of the remaining records in order to determine whether final payments to those who were not included in the audit exceed payments for times actually worked.

All monies paid to employees who did not render services during the times for which the employees were actually paid, should be returned to the appropriate Sheriff's Fund.

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The current Sheriff agrees that payments for accumulated leave and regular wages should be supported by the employees' leave records and time sheets. Further, employees should not be paid for accumulated leave until the leave is actually earned."

**Payments to Police Jury Appear
To Be In Violation of State Law**

Finding: LSA-RS 11:2175(E)(1) provides that the board of trustees of the Sheriff's Pension and Relief Fund shall not pay any retirement benefits to any person employed by or in the office of any sheriff except for those instances where a deputy has retired and is reemployed with the sheriff's office on a part-time basis. The statute further provides that the individual's annual compensation from the sheriff's office in any fiscal year cannot exceed 25% of the individual's final average compensation at the time of retirement. During the year ended June 30, 1996, the sheriff reimbursed the Ouachita Parish Police Jury for the salary and benefits of a deputy sheriff. The employee was a former deputy who retired from the sheriff's office in May, 1993 and was hired by the police jury in March 1994. The individual worked for the police jury from March 1994 until June 1995. In July 1995 he was rehired by the sheriff's office. During the period March 1994 through June 1995, the sheriff's office maintained a record of the hours the employee worked and turned this into the police jury every other Tuesday. Each month the police jury billed the sheriff's office for the amount of the employee's salary and benefits. During the year ended June 30, 1996, the sheriff made payments totaling \$1,244 to the police jury for the employee's salary and benefits. During the period of time (16 months) the individual was employed by the police jury he received total compensation of \$20,360, or approximately \$15,270 for the fiscal year ended June 30, 1995. In accordance with the statute discussed above, the individual could not receive annual compensation of more than \$8,396. Additionally, during the year ended June 30, 1996, when he was reemployed by the sheriff's office, the individual received a total of \$12,410, which also exceeded the earnings limitation discussed above.

Recommendation: It is my understanding that the above matter has already been referred to the Sheriff's Pension and Relief Board.

Response From Former Sheriff: "Some months after Major Charlie Flowers' retirement, I noticed him working around the courthouse. I was advised he was working for the Police Jury and was implementing a Home Incarceration Program (HIP) to help relieve severe overcrowding in the prison system. (HIP means taking certain non-violent inmates from jail, working them during the day and letting them go home at night.) We were under pressure from Federal Judge Polozola. I was in favor of the plan and knew how important it was to have the right person

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screening the inmates and operating the program because of potential liabilities if the inmates, under our care, fouled up. However, I was never advised that the Police Jury was being reimbursed from the Sheriff's office for his salary (Exhibit XI). However, this in itself is not a violation of the law. The Police Jury regularly reimburses the Sheriff's office for the salaries of all jailers and the Sheriff's office did for many years reimburse the Police jury for ten jailers' salaries after the passage of a millage in 1981.

After the Exit Audit, and talking to deputies involved, they advised they came up with the plan; knew that Lincoln Parish had a similar program. They went to Ruston and visited with Judge Bleich and others to see how their program was implemented. They met with Pete Turner of the Police Jury to ask him for approval of the plan. After that, the plan was presented to the Police Jury in open meeting. The program operated for a length of time and eventually terminated.

The Auditor cited LSA-RS 11:2175(E)(1) as a potential violation. In reviewing this Statute, this is a matter for the Pension and Relief Board to resolve. Mr. Flowers earned/worked for his pay; however, if he made too much to comply with the Pension Statute, he should resolve the matter with the Pension Board."

Auditor Followup: The response by the former sheriff provided no additional documentation or justification for the employment arrangement.

Response From Current Sheriff: "This finding refers to a retired Sheriff's deputy who actually worked for the former Sheriff but who was paid by the Police Jury. Once the employee received his pay from the police jury, the former Sheriff would then reimburse the police jury. That procedure enabled the employee to receive a salary which far exceeded the salary to which he would have been entitled had he been paid directly by the former Sheriff.

It is the current Sheriff's opinion that since the services actually rendered by the employee were on behalf of the Sheriff's Office and since the former Sheriff actually reimbursed the police jury for the salary paid by the jury, that procedure was a violation of R.S. 11:2175(E) (1).

There appears to be no criminal sanction for violation of the aforementioned statute. For that reason the District Attorney would have no jurisdiction in the matter.

This finding will be referred to the Sheriffs Pension and Relief Fund for their evaluation and any action they may deem appropriate."

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**Need to Comply with Terms
of Federal Grant Agreement**

Finding: During the year ended June 30, 1996, the sheriff received \$60,961 in federal grant funds under the United States Department of Justice *COPS AHEAD* program. These funds were a reimbursement of the salaries and benefits of six deputies for the period April 1995 through December 1995. By accepting the grant award, the sheriff's office agreed to hire these deputies for the purpose of community policing. The sheriff's grant application provided that the six deputies would be assigned to the correctional facilities until completion of their basic training. The application stated that upon completion of their basic training, the six deputies would begin training in community policing strategies and begin field training with in-place seasoned officers. From a review of these deputies' 1995 time sheets, it was determined that all six of the deputies worked in corrections for the entire year in 1995. One of the six deputies completed his basic training in July 1995. Three of the six deputies completed their basic training in November 1995. The other two deputies completed their basic training in March and April of 1996. The deputies' applications for supplemental pay upon completion of their basic training listed corrections for five of the six deputies and communications for the other deputy. The grant allows the deputies to be assigned to training and probationary assignments, provided that there is an equal and contemporaneous transfer of current officers to community policing. The sheriff's office did not provide documentation to demonstrate compliance with the conditions of the *COPS AHEAD* grant concerning the deployment of deputies in community policing.

Recommendation: I recommend that the sheriff maintain adequate documentation that demonstrates compliance with the terms and conditions of grant agreements. The current sheriff should formally cancel the *COPS AHEAD* grant award if he determines that his administration does not wish to participate in the program. The cancellation could result in the sheriff's office being required to refund a portion of the grant funds received.

Response From Former Sheriff: "Deputy Markey Taunton applied for the COPS Grant. I knew we hired officers and were training them in corrections, putting them through basic academy while working on the implementation of "Community Policing."

In November 1995, Sheriff Cook was elected to the office of Sheriff. It was my understanding from personnel that he had reservations about participating in the COPS program. (We also had made application for another grant and received preliminary approval for \$1 million to hire several more officers. I understood that he was going to turn this down.)

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During the interim period after the election, I lost several deputies, many having received information they would not be hired in the current administration, among other reasons. I did not fill the empty positions vacated knowing that Mr. Cook would have obligations to hire some of his supporters. Consequently, it would not be feasible to put these deputies on the street and hire additional deputies to fill the slots left open in the jails. It was obvious that anyone I hired could be terminated. I ran the Sheriff's Dept. short-handed during the last few months of my administration to leave places open for the new Sheriff to place his supporters, hoping this would save some of the deputies that were ultimately terminated. (Exhibit XIII, page 2, 3, 5, dated February 22, 1995--Staff minutes.)

I also cooperated with Mr. Cook allowing deputies to enroll in designated schools that he requested they attend. This created vacant slots throughout the department too.

The current Sheriff would need to formally cancel the program."

Auditor Followup: The response by the former sheriff provided no additional documentation which would alter the finding.

Response From Current Sheriff: "This finding indicates that the former Sheriff's Administration had applied for and been granted federal funds for a *COPS AHEAD* program. The application had been completed during the 1995 calendar year. As indicated by the auditor the persons selected by the former Sheriff were required to render services designed specifically for the program; however, they did not do so as required by the grant.

The grant application, submitted by the former Sheriff, expressly stated that the six persons named would indeed render those services upon completion of the police academy. That did not happen. As indicated by the auditor, those deputies worked in other areas. However, notwithstanding that fact, the former Sheriff's administration applied for and received over \$60,000.00 for reimbursement of salaries and benefits of those six deputies for the period of April 1995 through December 1995.

The current Sheriff was initially under the impression that the grant enabled the former Sheriff to hire six deputies and place them in law enforcement positions rather than social positions. It was not until after February 1996 that the current Sheriff was made aware of the specifics of the grant.

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The grant specified that the federal monies would diminish over a three year period until finally, after the three-year period ended, our local taxpayers would pay the full bill. The current Sheriff promised his constituents that he would place more deputies on the street to fight crime. He felt that any monies on hand should be used for that purpose. Consequently, the current Sheriff could not guarantee that local monies would be available, over an extended period of time, to pay the full salaries of the "grant" deputies once the federal funds were exhausted.

The current Sheriff subsequently learned that at least one of the original six deputies did indeed perform work directly related to the program; however, the other five deputies never performed such work. Their services, as indicated by the auditor, were rendered in corrections and/or communications.

After learning that the former administration had applied for and received the \$60,000.00 in reimbursement, the current Sheriff felt it best to cancel the grant. The current Sheriff had nothing to do with the application promises nor did he have anything to do with applying for and receiving reimbursement for deputies who did not render appropriate services pursuant to the provisions of the grant.

The current Sheriff feels that the terms of any grant should be scrupulously followed. Subsequent to learning, prior to taking office, that the terms of the grant were not expressly being followed, the current Sheriff canceled the program. The Justice Department was told no less than three times by the current Sheriff's staff that the current Sheriff did not wish to participate in the program. The current Sheriff will follow-up with a registered letter to that effect.

Any problems with the terms of the grant and any monies applied for and reimbursed occurred during the former Sheriff's administration. The current Sheriff has not nor does he ever intend to apply for or accept funds associated with this particular grant.

The current Sheriff feels that the actual cancellation of the program will not result in the office being required to refund grant funds received. The cancellation itself has nothing to do with the actual funds. If any refund of grant funds is required, it will be based upon the fact that monies were initially disbursed for services not rendered under the terms of the agreement.

Based upon the foregoing the current Sheriff felt that his only option was to cancel the program, so that he would not be bound by the terms of an application that was filed months before he was even elected."

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Notes to the Financial Statements (Continued)

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The sheriff's current operations require the use of governmental and fiduciary funds as described below:

Governmental Fund - General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund and is used to account for the operations of the sheriff's office. The sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Fiduciary Funds - Agency Fund Type

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

C. FIXED ASSETS AND LONG-TERM OBLIGATIONS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. General fixed assets provided by the police jury are not recorded in the general fixed assets account group. Approximately 6 per cent of fixed assets are valued at estimated historical costs based on the actual costs of like items, while the remaining 94 per cent are based on actual historical costs. Donated fixed assets are valued at their market value on the date of donation. No depreciation has been provided on general fixed assets. There are no long-term obligations at June 30, 1996.

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Based on the above criteria, intergovernmental revenues, and fees, charges, and commissions for services have been treated as susceptible to accrual.

Expenditures

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

Other Financing Sources

Proceeds from the sale of fixed assets and insurance recoveries are accounted for as other financing sources and are recognized when the underlying events occur.

E. BUDGET PRACTICES

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least ten days prior to the public hearing. Public hearings are held at the sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the sheriff and amended during the year, as necessary. Budgets are established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

F. CASH

Under state law, the sheriff may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1996, the sheriff has cash (book balances) totaling \$1,629,858 as follows:

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The current Sheriff will refer this finding to the Fourth Judicial District Attorney as a possible violation of R.S. 14:138 (Public Payroll Fraud). It is his opinion that these monies belong to the taxpayers of this parish and at the very least, should be returned to the appropriate Sheriff's Fund."

**Payments For Accumulated Leave Exceeded
Amounts Supported by records**

Finding: During the month of June 1996, the sheriff paid approximately \$80,612 for accumulated vacation hours to approximately 31 terminated employees. Of those 31 employees, I selected 14 and examined the documentation supporting the leave payment. The test resulted in the following findings:

1. One employee was paid for 40 hours that were earned while the employee was on leave of absence. The sheriff's leave policy provides that an employee on leave of absence will not accumulate vacation or sick leave time.
2. Five of the fourteen employees were paid for more accumulated vacation hours than were documented in their leave records.
3. Five of the fourteen employees' 1996 time sheets documented that the employees did not work during the period from June 18, 1996 through June 28, 1996; however, the employees were paid, on June 24, 1996, for accumulated leave through June 30, 1996. Further, no deduction was made to payroll checks for their absences during the period June 18, 1996 through June 28, 1996.

For the fourteen employees examined in the test, the above findings resulted in unsupported payments for accumulated leave and hours worked in the amount of \$9,780.

Recommendation: Payment for accumulated leave and regular wages should be supported by the employee's leave records and time sheets. Employees should not be paid for accumulated leave until the leave is actually earned, i.e, an employee should not be paid for accumulated leave until after his last day of work. The current sheriff should review the finding and take whatever action he deems appropriate.

OUACHITA PARISH SHERIFF

Monroe, Louisiana

Independent Auditor's Report

on Compliance, etc.,

June 30, 1996

I considered these instances of noncompliance in forming my opinion on whether the Ouachita Parish Sheriff's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated September 19, 1996, on those general purpose financial statements.

This report is intended for the information of the Ouachita Parish Sheriff, management of the sheriff's office, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

September 19, 1996

OUACHITA PARISH SHERIFF
 Monroe, Louisiana
 Notes to the Financial Statements (Continued)

Demand deposits	\$1,628,166
Petty cash	<u>1,692</u>
Total	<u>\$1,629,858</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 1996, are secured as follows:

Bank balances	<u>\$1,902,529</u>
Federal deposit insurance	\$400,000
Pledged securities (uncollateralized)	<u>9,184,443</u>
Total	<u>\$9,584,443</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the sheriff, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited funds upon demand.

G. INVESTMENTS

Under state law, the sheriff may invest funds in United States bonds, treasury notes, or certificates. At June 30, 1996, the sheriff has investments in money market funds which have underlying investments consisting solely of and limited to securities of the United States or its agencies totaling \$6,494,375. The investments are stated at cost, which approximates market.

Because these investments are federally insured and held by the sheriff's agent in the sheriff's name, they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106.

OUACHITA PARISH SHERIFF

Monroe, Louisiana

Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting the governmental and fiduciary fund types. 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 be used to pay liabilities of the current period. The sheriff uses the following practices in recording revenues and expenditures:

Revenues

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

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

Fees, charged, and commissions are recorded when the sheriff is entitled to the funds.

Interest income on bank deposits and investments is recorded when the interest is earned and credited to the account.

Substantially all other revenues are recognized when received by the sheriff.

OUACHITA PARISH SHERIFF

Monroe, Louisiana

Notes to the Financial Statements (Continued)

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

Because the police jury maintains and operates the parish courthouse in which the sheriff's office is located, the sheriff was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

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

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

OUACHITA PARISH SHERIFF
Monroe, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.,
June 30, 1996

2. The former sheriff's response indicates that the employee began earning compensatory time when he was transferred back to the Uniform Division and assumed the rank of Sargent. Documentation in the employee's personnel file indicates that the employee had a rank of Lieutenant from the period March 1, 1993 until November 1, 1994. The employee's timesheet for 1993 documents that he earned 27.5 hours of compensatory time in 1993 and 5 hours in 1994, while he held the rank of Lieutenant. His timesheet documents that he took 9 hours of compensatory time during 1993 and 1994 leaving a balance of 23.5 hours that were carried over to 1995 and 1996 and included in the amount paid to him in June 1996.

3. The former sheriff's response indicates that the employee earned compensatory time prior to becoming a supervisor. Documentation in the employee's personnel file indicates that the employee was promoted to Lieutenant and assistant jail commander in November 1988. The employee's timesheets for 1990 - 1996 indicates that the employee earned compensatory time during these years when he held the rank of Lieutenant and was in a supervisory position. He signed his own timesheet as the employee and the supervisor.

Standardized records among departments - The former sheriff's response indicates that I failed to advise him of the lack of standardized records in the past. A financial and compliance audit, such as this one, is conducted for the purpose of expressing an opinion on the fairness of the financial statements and on compliance with laws, noncompliance with which could have a material effect on the financial statements. To the best of my knowledge, this was the first audit of the sheriff which involved payments for accrued leave in large enough amounts to impact the financial statements and, consequently, justify any audit procedures.

Response From Current Sheriff: "At the outset it should be noted that this finding concerns the actions of the former Sheriff and his policies.

The current Sheriff has established a policy concerning compensatory time so that the problems encountered by the former Sheriff will be less likely to occur in the future."

**Internal Controls Over the Fine and Cost Partial
Payment Fund Should Be Strengthened**

Finding: From the subsidiary records for partial payments of fines and costs, I selected 33 accounts with activity during my test month of May 1996. Of those 33 accounts that I

OUACHITA PARISH SHERIFF
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June 30, 1996

Recommendation: The current sheriff should establish formal policies regarding the earning of compensatory time by employees. This policy should address who is eligible to earn compensatory time, the definition of when compensatory time is earned, i.e., all hours worked over 40 in a week, all hours worked over 173 in a month, etc, the records that are required to be maintained to document hours worked including requiring the employee's signature on the records and whether employees will be paid for accumulated compensatory time upon termination of employment.

Response From Former Sheriff: "(1) Lt. Carol Wright previous worked in the Jail Division as a Supervisor and later, when that job was phased out, she transferred to the Administration office at the discretion of the Sheriff, to assist Sgt. Endsley with her duties. In this position, even though we allowed Deputy Wright to retain the Lt. title, she was not in a supervisory position and thus we paid her compensatory time. Rank was not reduced (See G-2, item (c), departmental policy) but job description changed and was no longer exempt under FLSA Wage & Hour.

(2) Sgt. Danny Acree transferred from a supervisory position as Lt. back to the Uniform Division per his request and assumed the rank of Sgt. Thus, he was due compensatory time.

(3) Lt. Harvey Houston -- There were some discussions regarding the compensatory time for the employee. His time was earned prior to his becoming a supervisor (even though he was working as a Supervisor at payout period), our attorney advised we should pay it because it was carried on the books. (See Exhibit. IX, page 3, Staff Minutes dated February 6, 1996 and Exhibit VI, Item 4.)

Response 2. Standardized records among departments -- I was not aware of different documents being used within the departments; however, if this had been brought to my attention by this Audit firm, I would have complied with the finding. As I had always complied with your recommendations in the past. This is an internal control for the current Sheriff to respond to since I'm not in office."

Auditor Followup: The following addresses the former sheriff's responses:

1. The employee had written a formal request for the transfer. The sheriff's personnel manual (page G-2, under "Lateral Transfers") states that "a. If an employee requests transfer to an assignment which carries a lower rank, the employee, if transferred, shall (emphasis added) be reduced in rank to the rank the assignment calls for and his salary shall be adjusted accordingly." Contrary to the above, the individual's rank and salary were not reduced.

OUACHITA PARISH SHERIFF
Monroe, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.,
June 30, 1996

In planning and performing my audit of the general purpose financial statements of the Ouachita Parish Sheriff for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the sheriff's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Formal Policies Should Be Established Regarding
Payment of Accumulated Compensatory Time**

Finding: In June 1996 approximately 215 employees were paid a total of \$272,272 for accumulated compensatory time earned as a result of working overtime. Of those 215 employees, I selected 25 and examined the documentation supporting the payment. The test resulted in the following findings:

1. The sheriff has not established a formal policy regarding the earning of compensatory time by employees or the payment of accumulated compensatory time. Three of the twenty-five employees paid in June 1996 had a rank of lieutenant and received a total of \$5,370. The informal policy of the sheriff provided that employees with a rank of lieutenant or above would not be eligible to earn compensatory time.
2. The records used to document compensatory time earned and used were not standardized among departments. Some departments' records included a log which documented compensatory time earned and used, holidays, sick time and vacation time earned and used. Other departments' records consisted solely of the employees' time sheets. It was also noted that 1996 time sheets were not signed by the employee nor a supervisor.

**Independent Auditor's Report
on the Internal Control Structure**

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

PRACTICE LIMITED TO
GOVERNMENTAL
ACCOUNTING, AUDITING
AND FINANCIAL REPORTING

**OUACHITA PARISH SHERIFF
Monroe, Louisiana**

I have audited the general purpose financial statements of the Ouachita Parish Sheriff as of June 30, 1996, and for the year then ended, and have issued my report thereon dated September 19, 1996.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Ouachita Parish Sheriff is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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