

**CADDO CORRECTIONAL CENTER**  
Shreveport, Louisiana  
  
**Financial Statements**  
Year ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-12-05

**CADDO CORRECTIONAL CENTER**  
Shreveport, Louisiana

Financial Statements  
June 30, 2004

Table of Contents

Page(s)	
	<b>Required Supplemental Information</b>
1 - 6	Management's Discussion and Analysis (Unaudited)
	<b>Basic Financial Statements</b>
	<b>Government – Wide Financial Statements (GWFS)</b>
7	Statement of Net Assets
8	Statement of Activities
	<b>Fund Financial Statements</b>
9	Balance Sheet – Governmental Funds
10	Reconciliation of the Balance Sheet - Government Funds to the Statement of Net Assets
11	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
12	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
13	Statement of Net Assets Fiduciary Funds – Agency Funds
14 - 21	<b>Notes to Financial Statements</b>
	<b>Required Supplementary Information</b>
22	General Fund Budgetary Comparison Schedule
	<b>Independent Auditor's Reports</b>
23	Independent Auditor's Report
24	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>

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

**CADDO CORRECTIONAL CENTER**  
Shreveport, Louisiana

**Management's Discussion and Analysis (Unaudited)**  
June 30, 2004

Within this section of the Caddo Correctional Center's ("Center") annual financial report, the Center's management is to provide this narrative discussion and analysis of the financial activities of the Center for the fiscal year ended June 30, 2004. The Center's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

The Center's assets exceeded its liabilities, resulting in net assets of \$922,877, for the fiscal year ended June 30, 2004.

The net assets are composed of the following:

- Capital assets of \$307,769 which includes all property and equipment net of accumulated depreciation of \$597,999 which is then reduced for outstanding debt of \$0, related to the purchase of capital assets.
- Unrestricted net assets of \$615,108 represent the portion available to maintain the Center's continuing obligation to the citizens of Caddo Parish.

The Center's governmental funds reported total ending fund balance of \$1,682,036 this year. This compares to the prior year ending fund balance of \$2,564,797 showing a decrease of \$882,761 during the current year.

At the end the current fiscal year, the unreserved fund balance for the Caddo Correctional Center's general fund was \$1,625,483, or 8.102% of the total Caddo Correctional Center's general fund expenditures and 8.47% of total Caddo Correctional Center's general fund revenues including transfers.

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 document introduces the Center's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Center also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

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 Management's Discussion and Analysis explains the structure of contents of each of the statements.

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

		expenditures and changes in fund balances.	
Accounting basis and measurements focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resource focus.
Type of asset/liability	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included.	All assets and liabilities, both short-term and long-term; the Center'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 Center's report includes two government-wide financial statements. These statements provided both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to the private sector using the economic resources measurement focus and the accrual basis of accounting.

The first of these government-wide statements is the Statement of Net Assets. This government-wide statement of financial position presents information that includes all of the Center's assets and liabilities, with the difference reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center, as a whole, is improving or deteriorating. Evaluation of the overall health of the Center 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 Center's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when funds are received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Center's distinct activities or functions on revenues provided by taxpayers.

The government-wide financial statements present the governmental activities of the Center that are principally supported by sales taxes and fees charged. The sole purpose of these government activities is public safety. The government-wide financial statements are presented on pages 7 and 8.

### FUND FINANCIAL STATEMENTS

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

The Center has 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 Center's governmental funds, including object classifications. The funds statements report short-term fiscal accountability focusing on the use of expendable resources and balances of expendable resources available at the end of the year. The funds statements are utilized in evaluating annual financial requirements of governmental programs and the commitment of expendable resources of the near-term.

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

The basic government fund financial statements are presented on pages 9 through 13 of this report.

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

**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 14 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 Center's budget presentation. A budgetary comparison schedule is included as "required supplementary information" for the Center's general fund. That schedule demonstrates compliance with the Center's adopted and final revised budget. Required supplementary information can be found on page 22 in this report.

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

The Center implemented a new financial reporting model, GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* which is used in this report, beginning with the fiscal year ended June 30, 2003. Over time, as year to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Center as a whole.

The Center's net assets at fiscal year end are \$922,877. The following table provides a summary of the Center's government-wide assets, liabilities and net assets:

<b>Assets</b>		
Cash, cash equivalents and receivables	\$ 2,197,479	87.72%
Capital assets, net of accumulated depreciation	307,769	12.28%
<b>Total assets</b>	<u>2,505,248</u>	<u>100.00%</u>
<b>Liabilities</b>		
Current liabilities	1,493,774	94.40%
Long-term liabilities	88,597	5.60%
<b>Total liabilities</b>	<u>1,582,371</u>	<u>100.00%</u>
<b>Net Assets</b>		
Investment in capital assets	307,769	33.35%
Reserved for inventory	56,553	6.13%
Unrestricted	558,555	60.52%
<b>Net assets</b>	<u>\$ 922,877</u>	<u>100.00%</u>

The current ratio compares assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the government activities is 1.47:1.

The Center's ending balance in net assets of the government-wide activities is \$922,877. During 2004, net assets decreased \$951,612 for government-wide activities from 2003 net assets of \$1,874,489. Of the total net assets as of June 30, 2004, 33.35% are capital assets. The Sheriff uses these capital assets to provide public safety services to citizens of Caddo Parish.

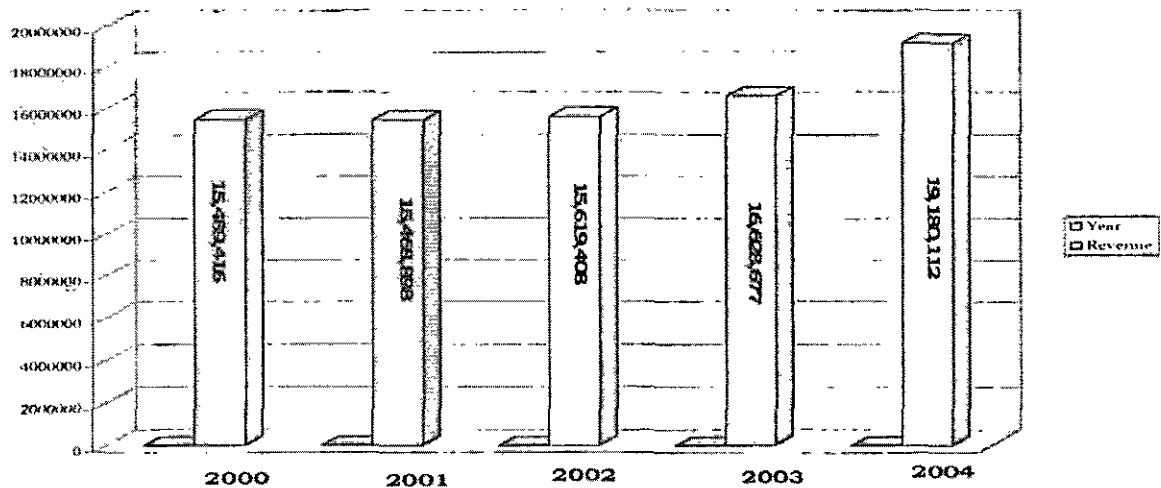
Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Center's changes in net assets for 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Revenues		
Program revenues		
Fees, Fines and Charges for Services	\$ 8,252,390	\$ 6,545,698
General Revenues:		
Taxes		
Sales and use taxes	10,215,946	9,747,726
Interest and investment earnings	12,022	33,117
Miscellaneous	699,754	302,136
Total revenues	<u>19,180,112</u>	<u>16,628,677</u>
Program expenses		
Public safety	<u>20,131,724</u>	<u>18,201,373</u>
Total expenses	<u>20,131,724</u>	<u>18,201,373</u>
Decrease in net assets:	( 951,612 )	( 1,572,696 )
Beginning net assets	<u>1,874,489</u>	<u>3,447,185</u>
Ending net assets	<u>\$ 922,877</u>	<u>\$ 1,874,489</u>

#### FUND LEVEL STATEMENTS

Governmental revenues - The Center's operations are dependent on revenue from sales tax collections, fees and charges for the support of state and parish prisoners and other support from Caddo Parish. Sales tax collections represent 53.26% of the Center's total revenues. Housing revenue received covers 29.42% of the governmental operating expenses. The following chart illustrates the General Fund's revenue for the past four fiscal years:

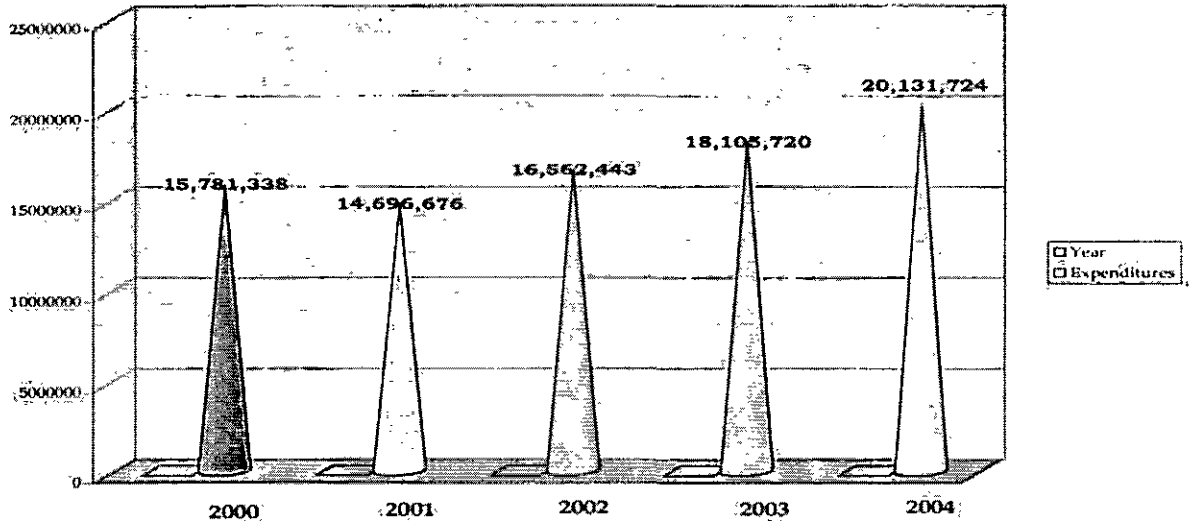
Caddo Corrections Revenue



**GOVERNMENTAL EXPENSES**

The total function of the Center is public safety activities. Depreciation on the office equipment and vehicles was \$116,729 or 0.58% of the total expenses. The following chart illustrates the General Fund's expenditures for the past five fiscal years:

**Caddo Corrections Expenditures**



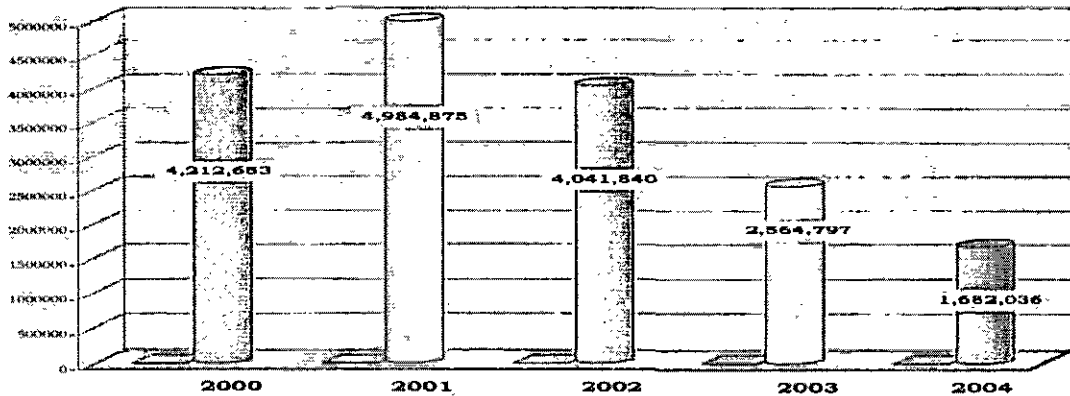
**FINANCIAL ANALYSIS OF THE CENTER'S FUNDS**

As discussed above, governmental funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end the year in comparison with upcoming financing requirements. Government funds reported ending fund balances of \$1,682,036. The ending fund balances of governmental funds show decrease of \$882,761 from the prior year fund balance of \$2,564,797.

**MAJOR GOVERNMENTAL FUNDS**

The Caddo Correctional Center General Fund is the Center's primary operating fund and the largest source of day-to-day service delivery. The Caddo Correctional Center General Fund's fund balance decreased \$882,761 from the prior year fund balance of \$2,564,797. The following chart illustrates the General Fund's ending fund balance for the past five fiscal years:

**Caddo Correction Fund Balance**





Operating expenditures were \$20,062,873 or 9.76% greater than fiscal year 2003 operating expenses of \$18,105,720. Non-personnel operating costs decreased approximately \$247,691 or 7.84% over prior year non-personnel costs.

**BUDGETARY HIGHLIGHTS**

The original expenditure budget was an increase of 13.33% over the actual amounts expended in 2003. Changes that necessitated budget amendment included additional expenditures related to the increase in personnel cost as well as health insurance rate increases. The final amended budget reported an increase in budgeted revenue over the original budget of \$311,000 or an increase of 1.69% over the original budget. The amended expenditure budget decreased \$60,000 or -0.29% over the expenditures in the original budget.

Although the overall decrease in the amended expenditure budget was minimal, changes in the expenditure budget also included:

- Premiums for group insurance with a 16% increase.
- Increase in medical supplies by 25%.
- Inmate supplies increased by 46%

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Center's investment in capital assets, net of accumulated depreciation as of June 30, 2004 was \$307,769. See Note 5 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2004</u>	<u>2003</u>
Depreciable assets		
Automobiles, office furniture and equipment	\$ 801,764	\$ 802,886
Computer equipment	<u>104,004</u>	<u>104,004</u>
Total depreciable assets	<u>905,768</u>	<u>906,890</u>
Less: accumulated depreciation	<u>597,999</u>	<u>560,059</u>
Book value – depreciable assets	\$ <u>307,769</u>	\$ <u>346,831</u>
Percentage depreciated	<u>66.02%</u>	<u>61.76%</u>

At June 30, 2004, the depreciable capital assets for government activities were 66.02% depreciated versus 61.76% in the prior year.

**CONTACTING THE SHERIFF'S FINANCIAL MANGEMENT**

The financial report is designed to provide a general overview of the Center's finances, comply with finance-related laws and regulations, and demonstrate the Center's commitment to public accountability. If you have questions about this report contact Gwet Folsom, Caddo Parish Sheriff's Office, 501 Texas Street, Room 101, Shreveport, LA 71101.

**Government – Wide Financial Statements**

**CADDO CORRECTIONAL CENTER**  
**Shreveport, Louisiana**

**Statement of Net Assets**  
**June 30, 2004**

<b>Assets</b>		
Cash and cash equivalents		\$ 1,018,776
<b>Receivables</b>		
Sales taxes		62,659
Intergovernmental		682,379
Fees		26,000
Other		118,465
Total receivables		<u>889,503</u>
Other assets		232,647
Food inventory		56,553
Capital assets, net of accumulated depreciation		<u>307,769</u>
Total Assets		<u>2,505,248</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable		28,987
Accrued expenses		474,343
Accrued claims payable		12,114
Total Liabilities		<u>515,444</u>
<b>Long-term liabilities</b>		
Portion due within one year:		
Accrued compensated absences		1,066,927
Total liabilities		<u>1,582,371</u>
<b>Net Assets</b>		
Invested in capital assets		307,769
Unrestricted		<u>615,108</u>
Total net assets		<u>\$ 922,877</u>

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

**CADDO CORRECTIONAL CENTER  
Shreveport, Louisiana**

**Statement of Activities  
for the Year ended June 30, 2004**

	Program Revenues			Net (expense) revenue and changes in net assets
	Expenses	Fees, Fines and Charges for Services	Operating grants and contributions	
Functions/programs				
Governmental activities				
Public safety and judicial prosecution	\$ 20,131,724	\$ 8,252,390	\$ -	(\$ 11,879,334)
 Total governmental activities	<u>\$ 20,131,724</u>	<u>\$ 8,252,390</u>	<u>\$ -</u>	<u>( 11,879,334)</u>
 General Revenues:				
Taxes -				
Sales and use taxes				10,215,946
Interest and investment earnings				12,022
Miscellaneous				<u>699,754</u>
 Total general revenues				<u>10,927,722</u>
 Changes in net assets				( 951,612)
 Net assets, July 1, 2003				<u>1,874,489</u>
 Net assets, June 30, 2004				<u>\$ 922,877</u>

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

**Fund Financial Statements**

**CADDO CORRECTIONAL CENTER  
Shreveport, Louisiana**

**Balance Sheet - Governmental Funds  
June 30, 2004**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,018,776
Receivables	
Sales taxes	62,659
Intergovernmental	682,379
Fees	26,000
Other	118,465
Prepaid insurance	232,647
Inventory	<u>56,553</u>
 Total assets	 <u>\$ 2,197,479</u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 28,986
Accrued expenses	474,343
Accrued claims payable	12,114
Total liabilities	<u>515,443</u>
 <b>Fund balance</b>	
Reserved for inventory	56,553
Unreserved - undesignated	<u>1,625,483</u>
 Total fund balance	 <u>1,682,036</u>
 Total liabilities and fund balances	 <u>\$ 2,197,479</u>

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

**CADDO CORRECTIONAL CENTER**  
**Shreveport, Louisiana**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets**  
**June 30, 2004**

Total fund balances - Governmental Funds		\$	1,682,036
Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:			
Cost of capital assets at June 30, 2004			905,768
Less accumulated depreciation	(	<u>597,999)</u>	307,769
Long-term liabilities at June 30, 2004:			
Compensated absences payable	(	<u>1,066,928)</u>	( <u>1,066,928)</u>
Total net assets - government-wide activities		\$	<u><u>922,877</u></u>

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

**CADDO CORRECTIONAL CENTER**  
**Shreveport, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year ended June 30, 2004

<b>Revenues</b>	
Sales tax	\$ 10,215,946
Intergovernmental revenues:	
State sources:	
Housing state prisoners	2,831,198
State supplemental pay	854,822
Caddo Parish Sheriff	1,000,000
Caddo Parish Commission	3,072,412
Commissions for services - commissary sales	181,709
Telephone revenue	312,250
Interest	12,022
Miscellaneous	699,753
Total revenues	<u>19,180,112</u>
<b>Expenditures</b>	
<i>Current - public safety</i>	
Personal services and related benefits	17,152,275
Materials and supplies	402,700
Statutory charges	1,633,948
Contractual charges	742,684
Other charges	53,599
Capital outlay	<u>77,667</u>
Total expenditures	<u>20,062,873</u>
Net change in fund balance	( 882,761)
Fund balances at beginning of year	<u>2,564,797</u>
Fund balances at end of year	<u>\$ 1,682,036</u>

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



**CADDO CORRECTIONAL CENTER**  
**Shreveport, Louisiana**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
for the Year ended June 30, 2004**

<i>Deficiency of revenues and other sources over expenditures and other uses</i>		\$ (882,761)
<p>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:</p>		
<i>Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances</i>	77,667	
<i>Less depreciation expense recorded for the year ended June 30, 2004</i>	<u>( 116,729)</u>	( 39,062)
<i>Decrease in long term claims payable</i>		12,118
<i>Compensated absences increase in current year</i>		<u>( 41,907)</u>
<i>Change in net assets of government-wide activities</i>		<u><u>(\$ 951,612)</u></u>

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

**CADDO CORRECTIONAL CENTER  
Shreveport, Louisiana**

**Statement of Net Assets  
Fiduciary Funds - Agency Funds  
June 30, 2004**

	<u>Inmate Personal Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 42,034
Receivables	-
<b>Total assets</b>	<u>\$ 42,034</u>
<b>Liabilities</b>	
Due to others	42,034
<b>Total liabilities</b>	<u>\$ 42,034</u>

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

**CADDO CORRECTIONAL CENTER**  
Shreveport, Louisiana

Notes to Financial Statements  
June 30, 2004

**Introduction**

The Caddo Correctional Center ("Center") was created by the Caddo Parish Commission ("Commission") under the provisions of Louisiana Revised Statute 33:1236 providing for the maintenance and operation of a parish prison. The Center is a modern correctional facility that has a maximum capacity of 1,070 male and female inmates.

**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 should be included in its reporting entity.

By intergovernmental agreement between the Caddo Parish Sheriff ("Sheriff") and the Commission, the Sheriff manages and operates the Center. The Sheriff also maintains accounting records, prepares annual budgets, and prepares financial information. The operation of the Center is funded by the one-quarter cent sales tax. The Sheriff receives directly all funds generated from any source as a result of operations at 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.

The accompanying financial statements present the financial position and results of operations of the Center relating only to the Sheriff's responsibility to operate the Center. These statements do not report the expenditures relating to the maintenance of the Center since it is the Commission's responsibility to maintain the Center, nor do these financial statements present the financial position or results of operations of the Sheriff.

**Basis of presentation** - The accompanying basic financial statements of the Center 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. As a result, an entirely new financial presentation format has been implemented.

**Government-Wide Financial Statements (GWFS)** - The Statement of Net Assets and the Statement of Activities display information about the Center 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 Fiduciary Net Assets 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 Center'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 Center, 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 Center 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 Center'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 Center 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 Center 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 Center reports the following major governmental funds:

**General Fund**, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Center and accounts for the operations of the Center. The Center's primary source of revenue is a 1/4-cent sales tax and appropriations from the Commission and the Sheriff. Other sources of revenue include per diem for housing state prisoners, state supplemental pay for deputies, telephone revenue, fees collected for court attendance and commissary sales. General operating expenditures are paid from this fund.

The Center also reports the following fund types:

**Fiduciary Funds** - Fiduciary funds are used to account for assets held by the Center 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 Center are agency funds.

**Agency Funds** - Agency Funds are used to account for assets held in a trustee capacity. The Center's Agency Funds are used for the receipt and disbursement of funds for inmates of the Caddo Correctional Center. 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 Center'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 Center 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 compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of

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

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

**Revenues**

Intergovernmental revenues and commissions for services are recorded when the Center is entitled to the funds.

Sales taxes held by the intermediary collecting agency are recognized as revenue.

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).

The Fiduciary Funds (Agency Funds) use the following practices in recording additions and reductions:

**Additions** - The majority of additions are not susceptible to accrual because they are not measurable until received in cash.

**Reductions** - Reductions are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Budgetary Accounting** - The Center utilizes the following procedures in establishing the budgetary data for the General Fund:

- 1) During May, the Sheriff's office prepares the proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is held on the proposed budget.
- 3) The adopted budget is published in the official journal prior to the commencement of the fiscal year for which the budget is being adopted.
- 4) A public hearing is held for proposed amendments to the budget.
- 5) Amended budget is published in official journal.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget is prepared on the basis of cash estimates, which means that for budgetary purposes revenues are budgeted in the year of receipt rather than the year earned, and expenditures are budgeted in the year paid rather than in the year incurred. Expenditures may not legally exceed appropriations on a fund basis.

The proposed budget for the year ended June 30, 2004 was made available for public inspection and was published in the official journal of Caddo Parish fourteen days before the public hearing, which was held on June 26, 2003 at the Caddo Parish Sheriff's office for comments from taxpayers. The budget was amended and published ten days before the public hearing, which was held on June 26, 2003 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 Center 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.

**Inventory** - Inventory consists of dietary items. Inventory is valued at cost and is recorded as expenditures under the consumption method using the first-in, first-out cost method.

Reported inventory is equally offset by a fund balance reserve that indicates that this portion of fund balance does not constitute available spendable resources even though it is a component of net current assets.

**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 Center maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

**Compensated Absences** - Employees of the Center 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 deceased 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 Center, but employees are not paid for accumulated sick leave upon retirement or resignation. The Center accrues the current portion of the liability for compensated absences in the fund financial statements. The long term portion of the accrual for compensated absences, along with the current portion, 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.

**Fund balance classifications** – In the government-wide statements, fund balances are classified as net assets and displayed in three components:

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

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

**Use of Estimates** - The preparation of financial statements in conformity with 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 - Change in accounting principles**

For the year ended June 30, 2003, the Center has implemented GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 created new basic financial statements for reporting on the Center’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the method of presentation in previously issued financial statements. Non-major funds are presented in total in one column in the fund financial statements. The Center also implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

**Note 3 - Budgetary Data**

**Budgets and Budget Basis of Accounting** - The budget is adopted on a cash basis which means that for budgetary purposes revenues and expenditures are recorded in the year received (paid) rather than in the year earned (incurred). Inventory items are also recorded at the time purchased rather than when consumed.

Revisions made to the original general fund expenditures budget was as follows:

	Original Budget	Total Revision	Revised Budget
General Fund	\$ 20,379,000	\$( 60,000 )	\$ 20,319,000

Following is a reconciliation of the excess of revenues over expenditures at the end of the year on the budgetary basis to generally accepted accounting principles (GAAP) basis:

Excess of expenditures and other financing uses over revenues and other financing sources (budgetary basis)	(\$ 519,080 )
Adjust accrual of expenditures at June 30, 2004	170,115
Reverse accrual of expenditures at June 30, 2003	319,017
Accrual of sales tax and other revenue at June 30, 2004	
Reverse accrual of sales tax and other revenue at June 30, 2003	( 852,813 )
Net revenue and expenditure accruals	( 363,681 )
Excess of expenditures over (under) revenues and other financing sources (GAAP basis)	(\$ 882,761 )

**Note 4 - Cash and Cash Equivalents**

All deposits of the Center are held by area financial institutions. At June 30, 2004, the carrying amount of the Center's cash deposits was \$1,018,776 and the bank balance was \$1,481,312. The bank balances include amounts carried in a cash concentration account jointly used by the Center and Sheriff. The difference in the bank balance and the carrying amount is due to the outstanding checks at June 30, 2004. Of the bank balance, \$0 was covered by federal depository insurance (GASB Category 1) because it is allocated to the Sheriff's office and \$1,481,312 was collateralized with securities held by the pledging financial institution's trust department or agent, but in the Center's name (GASB Category 2).

**Note 5 - Capital assets**

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

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
<b>Assets, at cost</b>				
Automobiles, office				
furniture and equipment	\$ 802,886	\$ 77,667	(\$ 78,789 )	\$ 801,764
Computer equipment	104,004	-	-	104,004
Total cost	<u>906,890</u>	<u>77,667</u>	<u>( 78,789 )</u>	<u>905,768</u>
<b>Accumulated depreciation</b>				
Automobiles, office				
furniture and equipment	521,547	105,500	78,789	548,259
Computer equipment	38,512	11,229	-	49,740
Total accumulated depreciation	<u>560,059</u>	<u>\$ 116,729</u>	<u>\$ 78,789</u>	<u>597,999</u>
Capital assets, net	<u>\$ 346,831</u>			<u>\$ 307,769</u>



**Note 6 - Long-Term Obligations**

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

Balance, July 1, 2003	\$ 1,025,021
Additions for earned compensated absences	1,217,909
Less: use of accrued amounts	( 1,176,004 )
Balance, June 30, 2004	<u>1,066,926</u>
Less current portion	<u>1,066,926</u>
Long-term portion	<u>\$ 0</u>

**Note 7 - Defined Benefit Pension Plan**

Description of Plan - The Center provides retirement, death, and disability benefits to substantially all of its employees through the Sheriff's 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 Centers' 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 (0.50%) of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Covered employees were required to contribute 9.8% of their salary for the years ended June 30, 2004, 2003 and 2002. The Center is required to contribute 9.25%, 9.25% and 7.75% for the years ended June 30, 2003, 2002 and 2001, respectively, of covered employees' salaries. The Center's contributions for the years ended June 30, 2003, 2002 and 2001 were \$1,148,324, \$836,126 and \$661,077, 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 Center did not report a pension liability for the System.

**Note 8 - Postretirement Benefits**

In addition to the pension benefits described in Note 7, the Center provides certain continuing postretirement health care and life insurance benefits through the Louisiana Sheriff's Association Group Benefits Plan in accordance with state statutes to all retired employees who were participants of the plan prior to their retirement date. The premiums for retiree health insurance are paid by the Center with life or dependent care premiums being paid by the retiree. The Center recognizes the cost of providing these benefits as an expenditure on a pay-as-you-go basis when the monthly premiums are due. At June 30, 2004, there were thirty-one (31) retirees receiving benefits. The Center's cost of benefits provided to retirees was approximately \$210,179 for 2004.

**Note 9 - Changes in Agency Fund Balances**

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

Agency Funds	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004
Inmate Personal Fund	\$ 39,652	\$ 1,005,598	\$ 1,003,216	\$ 42,034
Inmate Welfare Fund	-	-	-	-
Total	\$ 39,652	\$ 1,005,598	\$ 1,003,216	\$ 42,034

**Note 10 - Contingencies, Litigation, and Claims**

**Litigation**

At June 30, 2004, the Center is named as defendant in several lawsuits. In the opinion of the Center'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 Center.

**Claims**

Accrued claims payable of \$12,114 have been established for the long-term portion of a settlement that is to be paid at approximately \$12,114 for 2005.

**Risk Management**

The Center 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 Center 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 Center's insurance coverage for each of the past three years.

**Required Supplementary Information**

**CADDO CORRECTIONAL CENTER  
Shreveport, Louisiana**

**General Fund Budgetary Comparison Schedule  
Year ended June 30, 2004**

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
<b>Revenue</b>				
Sales tax	\$ 10,415,000	\$ 10,200,000	\$ 10,330,809	\$ 130,809
Intergovernmental revenues:				
State sources				
Housing state prisoners	2,600,000	2,700,000	3,089,228	389,228
State supplemental pay	785,000	845,000	923,576	78,576
Local grants				
Caddo Parish Sheriff	1,000,000	1,000,000	1,000,000	-
Caddo Parish Commission	2,660,000	2,770,000	3,410,104	640,104
Commissions - commissary sales	145,000	180,000	196,244	16,244
Telephone revenue	315,000	315,000	338,250	23,250
Interest	35,000	15,000	12,022	( 2,978)
Miscellaneous	400,000	641,000	732,695	91,695
<b>Total revenue</b>	<u>18,355,000</u>	<u>18,666,000</u>	<u>20,032,928</u>	<u>1,366,928</u>
<b>Expenditures</b>				
Current - public safety				
Personal services and related benefits	16,880,000	17,079,000	17,606,814	( 527,814)
Materials and supplies	527,000	468,000	407,008	60,992
Statutory charges	1,734,000	1,754,000	1,641,021	112,979
Contractual charges	1,048,000	848,000	762,102	85,898
Other charges	90,000	90,000	57,396	32,604
Capital outlay	100,000	80,000	77,667	2,333
<b>Total expenditures</b>	<u>20,379,000</u>	<u>20,319,000</u>	<u>20,552,008</u>	<u>( 233,008)</u>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<u>( 2,024,000)</u>	<u>( 1,653,000)</u>	<u>( 519,080)</u>	<u>1,133,920</u>
<b>Fund balance at beginning of year</b>	<u>3,482,793</u>	<u>3,482,793</u>	<u>3,482,793</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 1,458,793</u>	<u>\$ 1,829,793</u>	<u>\$ 2,963,713</u>	<u>\$ 1,133,920</u>

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

**ROBERTS, CHERRY & COMPANY**

*Certified Public Accountants, Consultants*

**Independent Auditor's Report**

The Honorable Steve Prator  
Caddo Correctional Center  
Shreveport, Louisiana

We have audited the accompanying financial statements of the Caddo Correctional Center, a component unit of the Caddo Parish Commission for financial reporting purposes, as of and for the year ended June 30, 2004, as listed in the foregoing table of contents. These financial statements are the responsibility of the Caddo Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the accompanying financial statements of the Caddo Correctional Center present the financial position and results of operations of only that portion of the funds and account groups of the Caddo Parish Sheriff that is attributable to the operations of the Caddo Correctional Center covered in the intergovernmental agreement executed between the Caddo Parish Commission and the Caddo Parish Sheriff.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Correctional Center as of June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 1, 2004, on our consideration of the Caddo Correctional Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 6 and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*ROBERTS, CHERRY AND COMPANY*

ROBERTS, CHERRY and COMPANY

A Corporation of Certified  
Public Accountants  
Shreveport, Louisiana  
October 1, 2004

**ROBERTS, CHERRY & COMPANY**

*Certified Public Accountants, Consultants*

**Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed  
In Accordance With Government Auditing Standards**

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited the financial statements of the Caddo Correctional Center as of and for the year ended June 30, 2004, and have issued our report thereon dated October 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Caddo Correctional Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance**

As part of obtaining reasonable assurance about whether the Caddo Correctional Center'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 that are required to be reported under *Government Auditing Standards*.

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

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

A Corporation of Certified  
Public Accountants  
Shreveport, Louisiana  
October 1, 2004