

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Financial Statements
Year Ended June 30, 2014

**CADDO CORRECTIONAL CENTER
Shreveport, Louisiana**

Financial Statements
Year Ended June 30, 2014

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Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

CADDO CORRECTIONAL CENTER

Shreveport, Louisiana

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

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, 2014. 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 liabilities exceeded its assets, resulting in net position (deficit) of (\$5,060,646), for the fiscal year ended June 30, 2014.

The net position (deficit) is composed of the following:

- Capital assets of \$3,713,487, which includes all property and equipment net of accumulated depreciation of \$1,858,966, related to the purchase of capital assets.
- Unrestricted net position (deficit) of (\$8,774,133) represents the portion needed to maintain the Center's continuing obligation to the citizens of Caddo Parish.

The Center's governmental funds reported total ending fund balance of \$2,962,962 this year. This compares to the prior year ending fund balance of \$4,372,406, resulting in a decrease of \$1,409,444 during the current year.

At the end the current fiscal year, the unassigned fund balance for the Caddo Correctional Center's general fund was \$2,832,620 or 8.58% of the total Caddo Correctional Center's general fund expenditures and 8.97% 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's Discussion and Analysis 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 financial statements. The Center also includes in this report additional information to supplement the basic financial statements.

Exhibit 1, below, summarizes the major features of the Center's financial statements, including the portion of the Center'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.

Exhibit 1 Major Features of Center's Government and Fund Financial Statements			
	Government-Wide Statements	Fund 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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statements of fiduciary net position

Exhibit 1 (cont'd)			
Major Features of Center's Government and Fund Financial Statements			
	Government-Wide Statements	Fund Statements - Governmental Funds	Fiduciary Funds
Accounting basis and measurements focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resource focus.
Type of asset/liability	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included.	All assets and liabilities, both short-term and long-term; the 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 Center'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 Position. 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 position. Increases or decreases in net position 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 position changed during the current fiscal year. All current year revenues and expenses are included regardless of when funds are received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the 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.

Fiduciary funds are reported in the fund financial statements and report individual prison inmate accounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 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 and the funding progress of our post retirement liabilities. 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 pages 25 and 26 in this report.

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE

The Center's net position (deficit) at fiscal year end is (\$5,060,646). The following table provides a summary of the Center's government-wide assets, liabilities and net position:

	2014		2013	
Assets				
Cash, cash equivalents, receivables, prepaid expenses and inventory	\$ 3,587,239	49.14%	\$ 4,982,126	56.65%
Capital assets, net of accumulated depreciation	3,713,487	50.86%	3,811,956	43.35%
Total assets	7,300,726	100.00%	8,794,082	100.00%
Liabilities				
Current liabilities	624,277	5.05%	609,720	5.81%
Long-term liabilities	11,737,095	94.95%	9,878,351	94.19%
Total liabilities	12,361,372	100.00%	10,488,071	100.00%
Net position				
Investment in capital assets	3,713,487	(73.38%)	3,811,956	(225.03%)
Unrestricted	(8,774,133)	173.38%	(5,505,945)	325.03%
Net position (deficit)	\$ (5,060,646)	100.00%	\$ 1,693,989	100.00%

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the government activities is 5.75:1.

The Center's ending balance in net position (deficit) of the government-wide activities is (\$5,060,646). During 2014, net position decreased \$3,366,657 for government-wide activities from 2013 net position (deficit) of (\$1,693,989). Of the total assets as of June 30, 2014, 50.86% are capital assets.

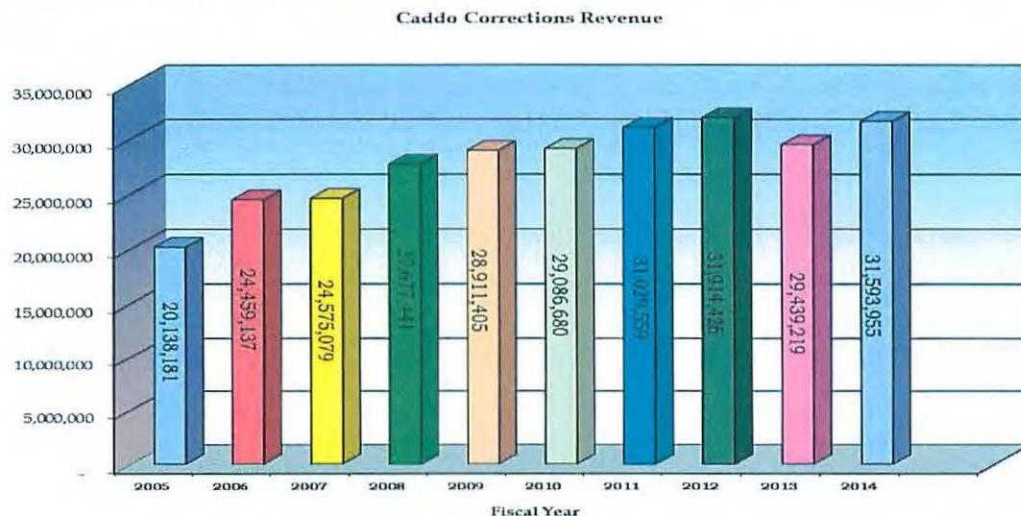
The following table provides a summary of the Center's changes in net position for 2014 and 2013:

	2014	2013
Revenues		
Program revenues		
Fees, fines and charges for services	\$ 14,223,855	\$ 12,294,218
General revenues		
Taxes		
Sales and use taxes	14,891,259	14,424,170
Interest and investment earnings	7,435	11,119
Inmate work release revenue	1,423,038	1,731,328
Miscellaneous	1,048,368	978,384
Total revenues	31,593,955	29,439,219
Program expenses		
Public safety	34,960,612	33,373,158
Total expenses	34,960,612	33,373,158
Increase (decrease) in net position	(3,366,657)	(3,933,939)
Beginning net position	(1,693,989)	2,239,950
Ending net position (deficit)	\$(5,060,646)	\$(1,693,989)

FUND LEVEL STATEMENTS

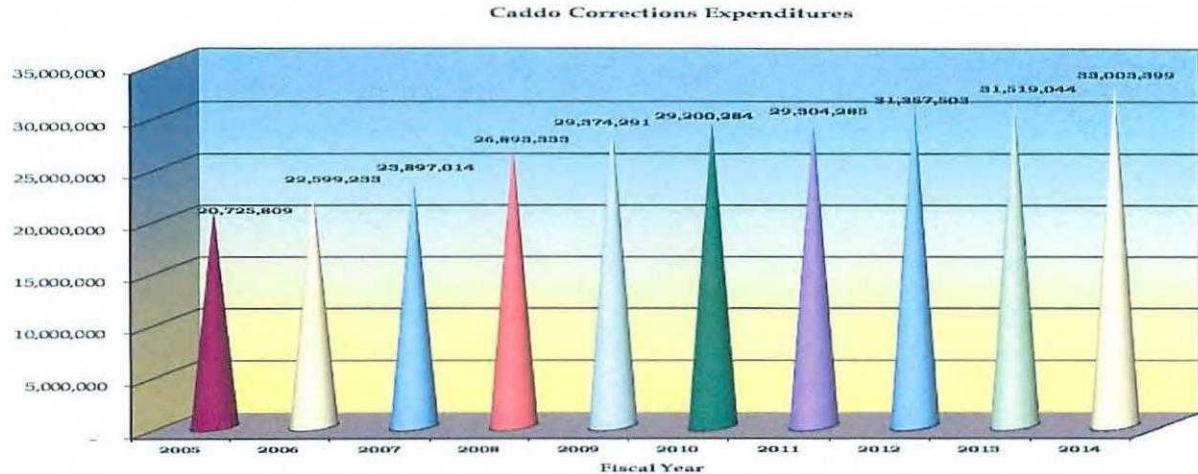
GOVERNMENTAL REVENUES

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 the Caddo Parish Commission. Sales tax collections represent 47.13% of the Center's total revenues which covers 42.59% of the governmental operating expenses. Housing revenue represents 13.66% of the Center's total revenues and covers 12.34% of the governmental operating expenses. The following chart illustrates the General Fund's revenue for the past ten fiscal years:



GOVERNMENTAL EXPENSES

The total function of the Center is public safety activities. The following chart illustrates the General Fund's expenditures for the past ten fiscal years:



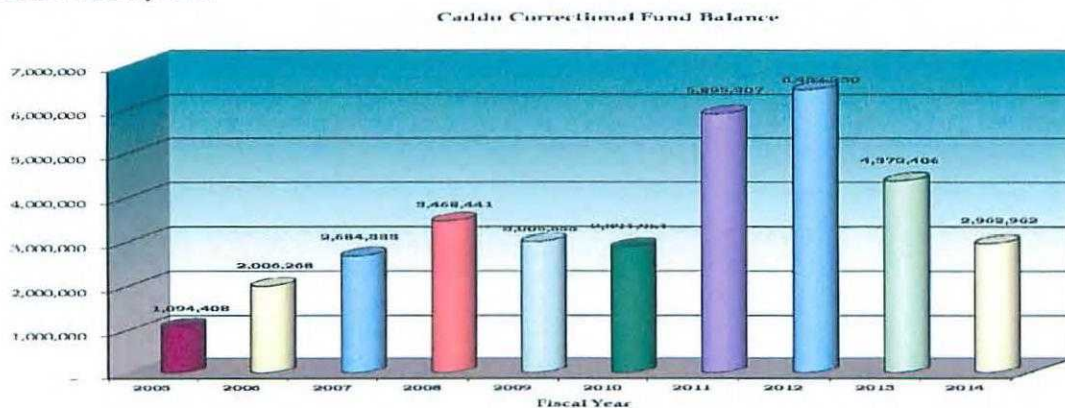
Operating expenditures were \$33,003,399 or 4.7% more than fiscal year 2013 operating expenses of \$31,519,044.

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 of the year in comparison with upcoming financing requirements. Government funds reported ending fund balances of \$2,962,962.

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 total fund balance as of June 30, 2014, was \$2,962,962, which was a decrease of \$1,409,444 from the prior year fund balance of \$4,372,406. The following chart illustrates the General Fund's ending fund balance for the past ten fiscal years:



BUDGETARY HIGHLIGHTS

The original expenditure budget was an increase of 8.15% over the actual amounts expended in fiscal year 2013. The final amended budget reported an increase in budgeted revenue from the original budget by \$104,000, an increase of 0.34% over the original budget. The amended expenditure budget decreased \$1,045,000 or 3.07% from the expenditures in the original budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Center's investment in capital assets, net of accumulated depreciation as of June 30, 2014 was \$3,713,487. See Note 4 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>2014</u>	<u>2013</u>
Capital assets		
Buildings	\$ 3,725,238	\$ 3,725,238
Law enforcement weapons and equipment	104,174	108,223
Computer equipment and office furniture	255,735	310,025
Equipment	324,165	381,465
Vehicles	<u>1,163,141</u>	<u>1,045,548</u>
Total capital assets	<u>5,572,453</u>	<u>5,570,499</u>
Less accumulated depreciation	<u>1,858,966</u>	<u>1,758,543</u>
Book value – capital assets	<u>\$ 3,713,487</u>	<u>\$ 3,811,956</u>
Percentage depreciated	<u>33.36%</u>	<u>31.57%</u>

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

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, 505 Travis Street, Room 700, Shreveport, LA 71101.

Government – Wide Financial Statements

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

Statement of Net Position
June 30, 2014

Assets	
Cash and cash equivalents	\$ 1,917,948
Receivables	
Sales taxes	8,806
Intergovernmental	1,293,244
Fees	50,376
Other	186,523
Total receivables	<u>1,538,949</u>
Prepaid insurance	52,095
Food inventory	78,247
Capital assets, net of accumulated depreciation	<u>3,713,487</u>
Total assets	<u>7,300,726</u>
Liabilities and Net Position	
Current liabilities	
Accounts payable	58,049
Accrued expenses	566,228
Total current liabilities	<u>624,277</u>
Long-term liabilities	
Portion due within one year	
Accrued compensated absences	1,116,388
Portion due after one year	
OPEB liability	9,941,731
Accrued compensated absences	678,976
Total long-term liabilities	<u>11,737,095</u>
Total liabilities	<u>12,361,372</u>
Net position	
Invested in capital assets	3,713,487
Unrestricted	<u>(8,774,133)</u>
Total net position (deficit)	<u>\$ (5,060,646)</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, 2014

Functions/programs	Expenses	Program Revenues		Net (expense) revenue and changes in net position
		Fees, fines and charges for services	Operating grants and contributions	
Governmental activities				
Public safety	<u>\$ 34,960,612</u>	<u>\$ 14,223,855</u>	<u>\$ -</u>	<u>(\$ 20,736,757)</u>
 Total governmental activities	 <u>\$ 34,960,612</u>	 <u>\$ 14,223,855</u>	 <u>\$ -</u>	 <u>(20,736,757)</u>
General revenues				
Taxes -				
Sales and use taxes				14,891,259
Interest and investment earnings				7,435
Inmate work release revenue				1,423,038
Miscellaneous				<u>1,048,368</u>
 Total general revenues				 <u>17,370,100</u>
 Change in net position				 (3,366,657)
Net position, July 1, 2013				<u>(1,693,989)</u>
Net position, June 30, 2014				<u>(\$ 5,060,646)</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, 2014

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 1,917,948
Receivables	
Sales taxes	8,806
Intergovernmental	1,293,244
Fees	50,376
Other	186,523
Total receivables	<u>1,538,949</u>
Prepaid insurance	52,095
Food inventory	<u>78,247</u>
Total assets	<u><u>\$ 3,587,239</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 58,049
Accrued expenses	566,228
Total liabilities	<u>624,277</u>
Fund balance	
Nonspendable	
Prepaid insurance	52,095
Inventory	78,247
Unassigned	<u>2,832,620</u>
Total fund balance	<u>2,962,962</u>
Total liabilities and fund balances	<u><u>\$ 3,587,239</u></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 Position
June 30, 2014**

Total fund balances - governmental funds		\$	2,962,962
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds			
Cost of capital assets	\$	5,572,453	
Less accumulated depreciation	(<u>1,858,966</u>	3,713,487
Long-term liabilities			
Compensated absences	(1,795,364	
OPEB liability	(<u>9,941,731</u>	<u>(11,737,095)</u>
Total net position of governmental activities		\$	<u>(5,060,646)</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
for the Year Ended June 30, 2014

Revenues	
Sales tax	\$ 14,891,259
Intergovernmental revenues	
State sources	
Housing state prisoners	4,314,234
State supplemental pay	1,249,752
State grants and contracts	469,065
Caddo Parish Sheriff	4,000,000
Caddo Parish Commission	3,838,500
Commissions for services - commissary sales	383,929
Telephone revenue	437,440
Interest	7,435
Inmate work release revenue - housing, transportation, and incidentals	1,423,038
Miscellaneous	579,303
Total revenues	<u>31,593,955</u>
Expenditures	
Current - public safety	
Personnel services and related benefits	27,581,173
Materials and supplies	1,084,353
Statutory charges	2,910,508
Contractual charges	1,040,261
Other charges	163,840
Capital outlay	223,264
Total expenditures	<u>33,003,399</u>
Net change in fund balance	(1,409,444)
Fund balances at beginning of year	<u>4,372,406</u>
Fund balances at end of year	<u><u>\$ 2,962,962</u></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, 2014**

Net change in fund balances - total governmental funds	\$ (1,409,444)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 223,264	
Less depreciation expense recorded for the year	<u>(321,733)</u>	(98,469)
Increase in compensated absences	(224,304)	
Increase in OPEB liability	<u>(1,634,440)</u>	<u>(1,858,744)</u>

Change in net position of governmental activities	\$ (<u>3,366,657</u>)
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CADD0 CORRECTIONAL CENTER
Shreveport, Louisiana

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

	Inmate Personal Fund	Inmate Work Release Program	Total
Assets			
Cash and cash equivalents	\$ 136,549	\$ 263,735	\$ 400,284
Total assets	<u>\$ 136,549</u>	<u>\$ 263,735</u>	<u>\$ 400,284</u>
Liabilities			
Due to others	\$ 136,549	\$ 263,735	\$ 400,284
Total liabilities and net position	<u>\$ 136,549</u>	<u>\$ 263,735</u>	<u>\$ 400,284</u>

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

**CADDO CORRECTIONAL CENTER
Shreveport, Louisiana**

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

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 1,500 male and female inmates and a separate work release facility that has a maximum capacity of 240 male 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 a 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.

Government-wide financial statements (GWFS) - The Statement of Net Position 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 Position – Agency Funds at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the 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 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, the General Fund is the principal fund of the Center and accounts for the operations of the Center. The Center's primary source of revenue is a one-quarter 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 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 prepares the Center's 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 an official journal.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget is prepared on the same basis as these financial statements are prepared, specifically the modified accrual basis, as described in the preceding pages. Expenditures may not legally exceed appropriations on a fund basis.

The proposed budget for the year ended June 30, 2014, was made available for public inspection and was published in the official journal of Caddo Parish, ten days before the public hearing, which was held on June 25, 2013, at the Caddo Parish Sheriff's Office for comments from taxpayers. The budget was amended and published ten days before the public hearing, which was held on June 26, 2014, at the Caddo Parish Sheriff's Office for comments from taxpayers.

Encumbrances and budget - Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

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

Investments - Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

State statutes generally authorize the 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 raised the threshold level to capitalize assets from \$1,000 or more to \$5,000 or more, as of July 1, 2013.

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

Compensated absences - Employees of the 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.

Net position classifications - In the government-wide statements, fund balances are classified as net position and displayed in three components:

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

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

Fund balance classification – The fund balance is classified into categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending restraints:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Center had \$78,247 in inventory and \$52,095 in prepaids which are nonspendable resources as of June 30, 2014.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Center did not have any restricted resources as of June 30, 2014.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Center. These amounts cannot be used for any other purpose unless the Center removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Center did not have any committed resources as of June 30, 2014.
- **Assigned:** This classification includes amounts that are constrained by the Center's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Center or by an official or body to which the Center delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Center did not have any assigned resources as of June 30, 2014.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The General Fund had \$2,832,620, at June 30, 2014, classified as unassigned.

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

On-Behalf payments for fringe benefits and salaries - The Center receives on-behalf payments from the State of Louisiana to be used for supplemental pay to qualified law enforcement officers. On-behalf payments to the Center totaled \$1,249,752 for the fiscal year ended June 30, 2014. Such payments are recorded as intergovernmental revenue (state supplemental pay) and public safety expense (personnel services and related benefits) in the GAAP basis government-wide and general fund financial statements.

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

Note 2 - Budgets and budget basis of accounting

The budget is adopted on a modified accrual basis which means that for budgetary purposes revenues and expenditures are recorded in the year earned (incurred) rather than in the year received (paid). Revisions made to the original general fund expenditures budget was as follows:

	Original Budget	Total Revision	Revised Budget
General Fund	\$ <u>34,088,000</u>	(\$ <u>1,045,000</u>)	\$ <u>33,043,000</u>

Note 3 - Cash and cash equivalents

All deposits of the Center are held by area financial institutions. At June 30, 2014, the carrying amount of the Center's cash deposits for the General Fund and the Agency Funds were \$1,917,948 and \$400,284, respectively. The bank balances for the General Fund and the Agency Funds were \$1,928,436 and \$422,401, respectively. The bank balances include amounts carried in a cash concentration account jointly used by the Center and Sheriff. Of the bank balances, \$-0- was covered by federal depository insurance (GASB Category 1) because the funds are allocated to the Sheriff and \$2,350,837 was collateralized with securities held by the pledging financial institution's trust department or agent, but in the Sheriff's name (GASB Category 2).

Note 4 - Capital assets

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

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
Assets, at cost				
Buildings	\$ 3,725,238	\$ -	\$ -	\$ 3,725,238
Law enforcement weapons and equipment	108,223	-	4,049	104,174
Computer equipment and office furniture	310,025	6,396	60,685	255,736
Equipment	381,465	-	57,301	324,164
Vehicles	1,045,548	216,868	99,275	1,163,141
Total cost	5,570,499	\$ 223,264	\$ 221,310	5,572,453
Less accumulated depreciation	1,758,543	\$ 321,733	\$ 221,310	1,858,966
Capital assets, net	\$ <u>3,811,956</u>			\$ <u>3,713,487</u>

Depreciation expense of \$321,733 was charged to functions/programs of the Caddo Correctional Center public safety expenses.

Note 5 - Long-term liabilities

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

Balance, July 1, 2013	\$ 1,571,060
Additions for earned compensated absences	1,261,972
Less use of accrued amounts	(1,037,668)
Balance, June 30, 2014	1,795,364
Less current portion	1,116,388
Long-term portion	\$ <u>678,976</u>

Note 6 - 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 10.25% of their salary for the year ended June 30, 2014, and 10% for 2013 and 2012. For the year ended June 30, 2014, the Sheriff elected to contribute 5.25% of the employees' portion. The Sheriff was required to contribute 13.89%, 13.25%, and 12.5%, for the years ended June 30, 2014, 2013 and 2012, respectively, of covered employees' salaries. The Center's contributions for the years ended June 30, 2014, 2013, and 2012 were \$3,379,639, \$2,269,700, and \$2,135,980, 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 7 - Other post-employment benefits

Plan Description - Caddo Correctional Center's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

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

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

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

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

Fund Policy - Until July 1, 2008, the Center recognized the cost of providing post-employment medical and life benefits (Center's portion of the retiree medical, dental, and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For the fiscal year ending June 30, 2014, the Center's portion of health care and life insurance funding cost for retired employees totaled \$445,406.

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

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

The actuarially computed ARC is as follows:

Normal Cost	\$	960,264
30-year UAL amortization amount		<u>1,267,702</u>
Annual required contribution (ARC)	\$	<u>2,227,966</u>

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

Beginning Net OPEB Obligation 7/1/2013	\$	8,307,291
Annual required contribution		2,227,966
Interest on Net OPEB Obligation		332,292
Less: ARC Adjustment		<u>(480,411)</u>
OPEB cost		2,079,847
Contribution		-
Less: current year retiree premium		<u>(445,407)</u>
Change in Net OPEB Obligation		<u>1,634,440</u>
Ending Net OPEB Obligation 6/30/2014	\$	<u>9,941,731</u>

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

Post-Employment benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical, dental & life insurance	June 30, 2014	\$ 2,079,847	21.42%	\$ 9,941,731
Medical, dental & life insurance	June 30, 2013	\$ 2,021,592	20.96%	\$ 8,307,291
Medical, dental & life insurance	June 30, 2012	\$ 1,849,557	23.7%	\$ 6,768,471

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

The current year premiums were paid which reduced the net obligation; however, the plan was not funded for future obligations, has no assets, and hence has a funded ratio of zero. Based on July 1, 2012, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) at the end of the fiscal year June 30, 2014,

was \$22,798,284, which is defined as that portion, as determined by a particular actuarial cost method (Caddo Correctional Center uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial accrued liability (AAL)	\$ 22,798,284
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>22,798,284</u>
Funded ratio (actuarial accrued liability/AAL)	-
Covered payroll	17,007,935
UAAL as a percentage of covered payroll	134.04%

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

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

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

Actuarial Value of Plan Assets - Since the OPEB obligation has not as yet been funded, there are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate - An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12%. The rates for each age are below:

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

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

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Since the ARC is not currently being funded and not expected to be funded in the near future, a 4% annual investment return has been used in this valuation.

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

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

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

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

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

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

Note 8 - Changes in agency fund balances

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Agency funds				
Inmate personal fund	\$ 65,903	\$ 1,853,980	\$ 1,783,334	\$ 136,549
Inmate work release program	281,251	2,015,539	2,033,055	263,735
Total	\$ 347,154	\$ 3,869,519	\$ 3,816,389	\$ 400,284

Note 9 - Related party transactions

The Caddo Parish Sheriff (Sheriff) manages and operates the Center. For the year ended June 30, 2014, the Center received \$4,000,000 from the Sheriff for operating expenses. This is reflected in intergovernmental revenues on the financial statements. Also, the Center has \$186,397 recorded in intergovernmental receivables from the Sheriff. This balance consists mostly of Center revenue that was deposited into the Sheriff's bank accounts and will be transferred to the Center. For the year ended June 30, 2014, the Center reimbursed the Sheriff \$2,151,676 for administrative services.

For the year ended June 30, 2014, \$3,838,500 was received from the Caddo Parish Commission, which is also reflected as intergovernmental revenues. These were payments for inmate feeding, housing, and medical costs to the Center. As of June 30, 2014, \$561,941 was recorded in intergovernmental receivables from the Caddo Parish Commission.

Note 10 - Contingencies and litigation

Litigation

At June 30, 2014, 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.

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.

Note 11 - Impact of Recently Issued Accounting Principles

Recently Issued and Adopted

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

Recently Issued

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

Required Supplementary Information

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

General Fund Budgetary Comparison Schedule
June 30, 2014

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Sales tax	\$ 14,400,000	\$ 14,650,000	\$ 14,891,259	\$ 241,259
Intergovernmental revenues				
State sources				
Housing state prisoners	4,200,000	4,200,000	4,314,234	114,234
State supplemental pay	1,340,000	1,300,000	1,249,752	(50,248)
State grants and contracts	480,000	480,000	469,065	(10,935)
Caddo Parish Sheriff	4,000,000	4,000,000	4,000,000	-
Caddo Parish Commission	3,630,000	3,680,000	3,838,500	158,500
Commissions - commissary sales	450,000	425,000	383,929	(41,071)
Telephone revenue	440,000	440,000	437,440	(2,560)
Interest	10,000	10,000	7,435	(2,565)
Inmate work release revenue	1,600,000	1,450,000	1,423,038	(26,962)
Miscellaneous	456,000	475,000	579,303	104,303
Total revenue	<u>31,006,000</u>	<u>31,110,000</u>	<u>31,593,955</u>	<u>483,955</u>
Expenditures				
Current - public safety				
Personnel services and related benefits	28,704,000	27,565,000	27,581,173	(16,173)
Materials and supplies	966,000	1,028,000	1,084,353	(56,353)
Statutory charges	1,100,000	1,143,000	2,910,508	(1,767,508)
Contractual charges	3,050,000	2,905,000	1,040,261	1,864,739
Other charges	165,000	165,000	163,840	1,160
Capital outlay	103,000	237,000	223,264	13,736
Total expenditures	<u>34,088,000</u>	<u>33,043,000</u>	<u>33,003,399</u>	<u>39,601</u>
Excess (deficiency) of revenue over (under) expenditures	(3,082,000)	(1,933,000)	(1,409,444)	523,556
Fund balance at beginning of year	4,372,406	4,372,406	4,372,406	-
Fund balance at end of year	<u>\$ 1,290,406</u>	<u>\$ 2,439,406</u>	<u>\$ 2,962,962</u>	<u>\$ 523,556</u>

See Independent Auditor's Report.

CADDO CORRECTIONAL CENTER
Shreveport, Louisiana

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

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>(b-a/c) UAAL as a Percentage of Covered Payroll</u>
6/30/2012	7/1/2010	\$ -	\$ 18,836,629	\$18,836,629	-	\$ 18,154,888	103.76%
6/30/2013	7/1/2012	\$ -	\$ 21,921,427	\$21,921,427	-	\$ 17,176,297	127.63%
6/30/2014	7/1/2012	\$ -	\$ 22,798,284	\$22,798,284	-	\$ 17,007,935	134.04%

See Independent Auditor's Report.

Supplementary Information

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**CADDO CORRECTIONAL CENTER
Shreveport, Louisiana**

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

Section I - Summary of Auditor's Results

A. Financial Statement Audit

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

Internal control over financial reporting:

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

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

Was a management letter issued? **No**

B. Federal Awards

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

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

Current Year Findings and Responses

None

Prior Year Findings and Responses

Finding 2013-1 – Material Adjusting Journal Entries

Condition:

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

Status:

Resolved

Corrective action taken:

Management improved closing procedures by implementing a review process to ensure that prepaid expenses and accounts receivable are accurately recorded.

Section III – Federal Award Findings and Responses

Current Year Findings and Responses

Not Applicable

Prior Year Findings and Responses

Not Applicable

INDEPENDENT AUDITOR'S REPORT

The Honorable Steve Prator, Caddo Parish Sheriff
Caddo Correctional Center
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Caddo Correctional Center, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Caddo Correctional Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information which includes each fiduciary fund type of the Caddo Correctional Center, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedule of funding progress for other post-employment benefit plan, on pages 1 through 6 and 25 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

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

CA22, RIGGS & INGRAM, LLC
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 5, 2014

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Steve Prator, Caddo Parish Sheriff
Caddo Correctional Center
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Caddo Correctional Center, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Caddo Correctional Center's basic financial statements, and have issued our report thereon dated December 5, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

CARR, RIGGS & INGRAM, LLC

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 5, 2014