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JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana

Basic Financial Statements
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules

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 1-26-05

JEFFERSON DAVIS PARISH SHERIFF
 Jennings, Louisiana
 Basic Financial Statements
 As of and for the Year Ended June 30, 2004
 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Honorable Richard Edwards, Jr.
Jefferson Davis Parish Sheriff
Jennings, Louisiana

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Jefferson Davis Parish Sheriff (Sheriff), a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2004, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Sheriff as of June 30, 2004, 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.

As described in Note 16, the Sheriff has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of June 30, 2004.

In accordance with *Government Auditing Standards*, I have also issued me report dated December 22, 2004, on my consideration of the Sheriff's internal control over financial reporting and on my 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 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 my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 31 through 33, 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The supplemental information section which includes the combining fund financial statements, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, the other supplemental information schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
December 22, 2004

REQUIRED SUPPLEMENTAL INFORMATION

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

The Management's Discussion and Analysis (MD&A) of the Jefferson Davis Parish Sheriff (Sheriff) is intended to provide both an overview and review of the Sheriff's financial activities for the fiscal year ended June 30, 2004. The intent of the MD&A is to provide a meaningful discussion to interested financial statement users of the Sheriff's overall financial performance taken as a whole. Therefore, it should be read in conjunction with the Sheriff's basic financial statements and the accompanying notes to the financial statements and any related supplementary information.

The MD&A is a new element of the required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* that was issued in June 1999. Certain comparative information between the current fiscal year (2003-2004) and the prior fiscal year (2002-2003) would be required to be presented in the MD&A. However, this is the first year of implementation of the required GASB No. 34 reporting model. Accordingly, Statement No. 34 permits the omission of prior year data in the year of implementation due to the cost of adjusting the prior year's statements to the new reporting model. The Sheriff elects to omit this data for the 2002-2003 fiscal year, and it will present the comparative data in all subsequent years.

FINANCIAL HIGHLIGHTS

- Net assets increased by \$208,833 for the fiscal year ended June 30, 2004, thereby bringing the total net assets of the Sheriff at that time to \$2,544,092.
- The total net change in fund balance for the Sheriff was an increase of \$222,195.
- Property taxes collected, the largest single revenue source, showed a modest increase of approximately 2.3% (\$29,759) during the 2003-2004 fiscal year due principally to an increase in assessed taxable value.
- Overall revenues increased \$113,768 or approximately 4.7%, primarily due to increases in commissions on fines and other forfeitures (\$74,858) and property taxes collected (\$29,759).
- Overall expenditures increased \$216,258 or approximately 10.4%, primarily due to increases in personal services and related benefits (\$125,772) as a result of a 3% across the board pay raises and an increase in employer pension contribution rate from 7.75% to 9.25% in addition to a 23% increase in group hospitalization insurance premiums, and operating services (\$58,598).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12), also referred to as the government-wide financial statements, provide information about the activities of the Sheriff as a whole and present a longer-term view of the Sheriff's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Sheriff's operations in more detail than the government-wide financial statements by providing information about the Sheriff's most significant funds. The remaining statements provide financial information about activities for which the Sheriff acts solely as agent for the benefit of those outside of the government.

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

Government-wide Financial Statements

Our analysis of the Sheriff as a whole begins on page 6. One of the most important questions asked about the Sheriff finances is, "Is the Sheriff as a whole better off or worse off a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Sheriff as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Sheriff's net assets and changes in them. You can think of the Sheriff's net assets-the difference between assets and liabilities-as one way to measure the Sheriff's financial health, or *financial position*. Over time, increases or decreases in the Sheriff's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Sheriff's property tax base, the cost of unfunded mandates passed onto the Sheriff such as pension plan contribution rate increases, and other external factors of this nature in order to assess the overall financial health of the Sheriff.

In the Statement of Net Assets and the Statement of Activities, we present the governmental activities of the Sheriff which can be defined as a single purpose commonly referred to as public safety. The various basic services provided by the Sheriff under the umbrella of public safety are financed primarily by property taxes, fines and forfeitures, and intergovernmental grants and contributions.

Fund Financial Statements

Our analysis of the Sheriff's major fund begins on page 7. The fund financial statements begin on page 13 and provide detailed information about the most significant funds-not the Sheriff as a whole. The Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Sheriff can be divided into two categories: *governmental* and *fiduciary* (agency) funds.

- **Governmental funds-** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financials, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Sheriff adopts an annual appropriated budget for the general fund. A Budgetary comparison statement is provided to demonstrate compliance with this budget.

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

- *Fiduciary (agency) funds*- are used to account for resources held for the benefit of parties outside the government. All of the Sheriff's fiduciary (agency) activities are reported in separate Statements of Fiduciary Net Assets on page 18. These activities are excluded from the Sheriff's other financial statements because the Sheriff cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The total net assets of the Sheriff as of June 30, 2004 were \$2.5 million. The makeup of this amount is summarized below in Table 1. As stated earlier, this is the first year of implementation of the new reporting model specified in GASB Statement #34. As such, the Sheriff has elected not to include comparative data from past fiscal years. Future years' financial statements will present comparative data about the Sheriff's net assets and the principal causes for changes in the total net assets from year to year.

Table 1
Net Assets
(in Thousands)

| | Governmental Activities 2004 |
|---|---|
| Current and other assets | \$ 2,426 |
| Capital assets | 210 |
| Total assets | <u>2,636</u> |
| Long-term liabilities | (54) |
| Other liabilities | (38) |
| Total liabilities | <u>(92)</u> |
| Net assets: | |
| Invested in capital assets, net of related debt | 210 |
| Restricted | 137 |
| Unrestricted | <u>2,197</u> |
| Total net assets | <u><u>2,544</u></u> |

As reported in the Statement of Activities, the Sheriff's net assets increased by 8.9% (\$209 thousand) during the fiscal year ended June 30, 2004, which is summarized in Table 2. Comparative data is not available to fully explain any changes in program revenues or expenses from last year. However, this information will be presented in future years along with explanations for significant changes from year to year.

As reported in the Statement of Activities, the total cost of the Sheriff's governmental activities was \$2,317 thousand, however, not all of this cost was borne by the parish taxpayers. Of this amount, \$651 thousand was paid by those who used or benefited from the services rendered (principally fines, forfeitures, and other fees charged for services). As a result, taxpayers paid a net cost of \$1,666 thousand.

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

Table 2
Changes in Net Assets
(in Thousands)

| | Governmental Activities 2004 |
|---|---|
| Revenues | |
| Program revenues: | |
| Fines, forfeitures, and other fees | 651 |
| General revenues: | |
| Property taxes | 1,307 |
| State revenue sharing | 66 |
| Grants and contributions not restricted | 451 |
| Interest earned | 21 |
| Miscellaneous | 30 |
| Total revenues | <u>2,526</u> |
| Program expenses | |
| Public safety: | |
| Personal services and related benefits | 1,562 |
| Operating services | 358 |
| Materials and supplies | 284 |
| Other | 29 |
| Intergovernmental | 21 |
| Interest on long-term debt | - |
| Depreciation | 63 |
| Total expenses | <u>2,317</u> |
| Change in net assets | <u>209</u> |

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Sheriff uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and remaining balances of expendable resources. Such information is useful in assessing the government's near-term financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Sheriff ended its fiscal year on June 30, 2004 with a total combined fund balance of \$2,388 thousand, which is a \$222 thousand increase over the prior year. Although total revenues were up \$113,768 due to increased property tax collections and fines and forfeitures, total expenditures increased \$216,258 as a result of rises primarily in personal services and related benefits and operating services.

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

General Fund Budgetary Highlights

Over the course of the year, the Sheriff revised its budget to take into consideration any significant changes in revenues or expenditures. Noncompliance with Louisiana Revised Statutes 39:1301-1314 occurs if either expected revenues are less than budgetary goals by 5% or more or if anticipated expenditures are greater than budgetary goals by 5% or more. The original budget was adopted on June 13, 2003. On June 15, 2004, the final budget revision was adopted.

Schedule 1, on page 32 of this annual report, shows the Sheriff's original and final budgets compared with the actual operating results. The Sheriff did better on an overall net basis than what was originally budgeted. The Sheriff uses conservative budgeting practices in establishing its original budget. Revenues are forecasted at safe, conservative levels while expenditures are budgeted based on current available trend information with worst case scenarios in mind. In spite of budgetary efforts, actual expenditures exceeded original amounts by \$200 thousand. This was due to a number of unanticipated expenditure increases principally as follows: personal services and related benefits increased due to a \$38 thousand or 23% increase in group hospitalization insurance and an increase in employer retirement contribution rate from 7.75% to 9.25% which caused a \$20 thousand overall increase; operating services increased due to a \$37 thousand increase in 911 telephone service expense as a result of enhanced phone services, \$22 thousand increase in tax and criminal expenses, and auto insurance increased \$8 thousand or 22%; materials and supplies increased due to unanticipated \$21 increase in auto gasoline for fleet and \$18 in additional supplies expenditures. These unanticipated expenditure increases were financed with higher than expected revenues.

A comparison of the final budget revision with the actual operating results shows that the Sheriff did much better than budgeted based on a net change in fund balance basis. The principal reason for this was due to the conservative manner in which revenues were forecasted. The difference between final budgeted expenditures and actual expenditures was negligible. The excess of revenues over expenditures in the General Fund was approximately \$222 thousand. This excess will be rolled into the beginning General Fund Balance for the 2004-2005 fiscal year to help fund future expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the Sheriff had invested approximately \$210 thousand (net of accumulated depreciation) in a variety of capital assets, including land, buildings, furniture, vehicles, computers, and other such items. (See Table 3 below) Note 6 in the financial statements provides a summary of the capital asset activity for the current fiscal year. There were no significant additions during the current year. Numerous aged and idle vehicles with an original cost basis of \$192 thousand were declared surplus and sold in a public auction on April 4, 2004.

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

Table 3
Capital Assets at Year-end
(Net of Depreciation, in Thousands)

| | | Governmental Activities 2004 |
|----------------------------|----|---|
| Land | \$ | 25 |
| Buildings and improvements | | 20 |
| Furniture and equipment | | 95 |
| Vehicles | | 70 |
| Totals | \$ | <u>210</u> |

Debt

At year end, the Sheriff had \$54 thousand in long-term obligations outstanding (See Table 4 below) versus \$76 thousand in prior year. The decrease of \$22 thousand represents a 29% reduction in long-term obligations from the prior year. The principal reason for the decrease is due to the \$13 thousand drop in vacation payable as a result of more employees taking vacations earlier as opposed to later in the calendar year. Note 9 in the financial statements provides a summary of long-term obligation transactions during the current year.

Table 4
Outstanding Debt at Year-end
(in Thousands)

| | | Governmental Activities 2004 |
|----------------------|----|---|
| Compensated absences | \$ | 54 |
| Totals | \$ | <u>54</u> |

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This annual report is designed to provide our citizens, taxpayers, creditors, and others with a general overview of the Sheriff's financial condition and operations. If you have any questions about this report or need additional information, contact the Director of Finance at the Jefferson Davis Parish Sheriff's Office at P.O. Box 1449, Jennings, LA 70546.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

JEFFERSON DAVIS PARISH SHERIFF
Statement of Net Assets
June 30, 2004

Statement A

ASSETS

| | |
|---|--------------|
| Cash and cash equivalents | \$ 2,369,891 |
| Receivables, net | 56,150 |
| Capital assets: | |
| Land | 25,000 |
| Exhaustible capital assets, net of depreciation | 185,078 |

| | |
|---------------------|------------------|
| TOTAL ASSETS | <u>2,636,119</u> |
|---------------------|------------------|

LIABILITIES

| | |
|---|--------|
| Accounts payable | 16,374 |
| Payroll deductions, withholdings, and accrued salaries payable | 21,427 |
| Long-term liabilities: | |
| Due within one year | 9,433 |
| Due in more than one year | 44,793 |

| | |
|--------------------------|---------------|
| TOTAL LIABILITIES | <u>92,027</u> |
|--------------------------|---------------|

NET ASSETS

| | |
|---|-----------|
| Invested in capital assets, net of related debt | 210,078 |
| Restricted for: | |
| Drug enforcement | 137,290 |
| Unrestricted | 2,196,724 |

| | |
|-------------------------|---------------------|
| TOTAL NET ASSETS | <u>\$ 2,544,092</u> |
|-------------------------|---------------------|

JEFFERSON DAVIS PARISH SHERIFF
Statement of Activities
For the Year Ended June 30, 2004

Statement B

EXPENDITURES/ EXPENSES

Public Safety:

| | |
|--|------------------|
| Personal services and related benefits | \$ 1,562,393 |
| Operating services | 358,374 |
| Materials and supplies | 284,009 |
| Other | 28,880 |
| Intergovernmental | 20,596 |
| Interest on long-term debt | 3 |
| Depreciation expense | 62,857 |
| Total Program Expenditures/ Expenses | <u>2,317,112</u> |

PROGRAM REVENUES

| | |
|------------------------------------|------------------|
| Fines, forfeitures, and other fees | <u>651,374</u> |
| Net Program Expenses | <u>1,665,738</u> |

GENERAL REVENUES

| | |
|---|------------------|
| Property taxes | 1,307,095 |
| State revenue sharing | 65,963 |
| Grants and contributions not restricted to specific programs: | |
| Federal sources | 47,984 |
| State sources | 116,403 |
| Local sources | 286,411 |
| Interest earned | 21,409 |
| Miscellaneous | 29,306 |
| Total General Revenues | <u>1,874,571</u> |

| | |
|--------------------------------------|-------------------------|
| Change in Net Assets | 208,833 |
| Net Assets -Beginning of year | 2,335,259 |
| Net Assets -End of year | <u><u>2,544,092</u></u> |

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS (FFS)

JEFFERSON DAVIS PARISH SHERIFF
Balance Sheet
For the Year Ended June 30, 2004

Statement C

| | <u>General Fund</u> |
|---|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,369,891 |
| Receivables | 56,150 |
| TOTAL ASSETS | <u>2,426,041</u> |
| LIABILITIES AND FUND BALANCES | |
| Accounts payable | 16,374 |
| Payroll deduction, withholdings, and accrued salaries payable | 21,427 |
| Total Liabilities | <u>37,801</u> |
| FUND BALANCES | |
| Reserved | 137,290 |
| Unreserved - undesignated | 2,250,950 |
| Total Fund Balances | <u>2,388,240</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,426,041</u> |

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH SHERIFF
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2004**

Statement D

Total Ending Fund Balances - Governmental Funds (Statement C) \$ 2,388,240

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial

| | | |
|--------------------------|------------------|---------|
| Costs of capital assets | \$ 754,873 | |
| Accumulated depreciation | <u>(544,795)</u> | 210,078 |

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

| | |
|---|----------|
| Compensated absences payable (vacations and other absences) | (54,226) |
|---|----------|

Net Assets (Statement A) \$ 2,544,092

**JEFFERSON DAVIS PARISH SHERIFF
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2004**

Statement E

| | <u>General Fund</u> |
|--|---------------------|
| REVENUES | |
| Property taxes | \$ 1,307,095 |
| Intergovernmental revenues: | |
| Federal sources: | |
| Federal grants | 47,984 |
| State sources: | |
| State grants | 22,110 |
| State supplemental pay | 82,979 |
| State revenues sharing | 65,963 |
| Other | 11,314 |
| Local sources: | |
| District attorney - LACE | 78,353 |
| Parish - 911 District | 208,058 |
| Fees, charges, and commissions for services: | |
| Commissions on licenses, taxes, etc. | 41,030 |
| Civil and criminal fees | 138,530 |
| Court attendance | 7,105 |
| Transporting prisoners | 13,748 |
| Feeding and keeping prisoners | 124,979 |
| Commissary commissions | 4,959 |
| Commissions on fines and other forfeitures | 223,995 |
| Other | 57,332 |
| Fines and Forfeitures: | |
| Drug related fines and forfeitures | 16,556 |
| Bond, fines and other forfeitures | 4,760 |
| Use of money and property: | |
| Interest | 21,409 |
| Commissions on phones | 18,380 |
| Miscellaneous | 20,444 |
| Total Revenues | <u>2,517,083</u> |
| EXPENDITURES | |
| Public safety: | |
| Personal services and related benefits | 1,583,541 |
| Operating services | 358,374 |
| Materials and supplies | 284,009 |
| Other | 28,880 |
| Debt service: | |
| Principal | 672 |
| Interest | 3 |
| Capital outlay | 28,783 |
| Intergovernmental: | |
| Retirement deducted from tax collections | 20,596 |
| Total Expenditures | <u>2,304,858</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | <u>212,225</u> |
| OTHER FINANCING SOURCES (USES): | |
| Proceeds from sales of fixed assets | 7,620 |
| Compensation for loss or damage of assets | 2,350 |
| Total Other Financing Sources (uses) | <u>9,970</u> |
| NET CHANGE IN FUND BALANCE | 222,195 |
| FUND BALANCES BEGINNING OF YEAR | <u>2,166,045</u> |
| FUND BALANCES END OF YEAR | <u>\$ 2,388,240</u> |

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH SHERIFF
FIDUCIARY FUNDS
Statement of Fiduciary Net Assets
June 30, 2004**

Statement G

| | <u>Total Agency Funds</u> |
|---------------------------|-------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,166,943 |
| TOTAL ASSETS | <u>\$ 1,166,943</u> |
| LIABILITIES | |
| Deposits due others | \$ 1,166,943 |
| TOTAL LIABILITIES | <u>\$ 1,166,943</u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Jefferson Davis Parish Sheriff (Sheriff) serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

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

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, fines, costs, and bond forfeitures imposed by the district court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

The Sheriff is an independently elected official; however, the Sheriff is fiscally dependent on the Jefferson Davis Parish Police Jury. The police jury maintains and operates the parish courthouse in which the Sheriff's office is located and provides funds for equipment and furniture of the Sheriff's office. Because the Sheriff is fiscally dependent on the police jury, the Sheriff was determined to be a component unit of the Jefferson Davis Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the sheriff's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the sheriff. The following are the sheriff's governmental funds:

General Fund – the primary operating fund of the sheriff and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to sheriff policy.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the sheriff are agency funds. The agency funds account for assets held by the sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

The amounts reflected in the General Fund, of Statements C and E, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 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

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Property taxes are recorded as revenues in the year for which they are levied under the susceptible to accrual concept. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

State grants are recorded when the Sheriff is entitled to the funds.

Other intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest earnings on time deposits are recorded as earned since they are measurable and available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Other Financing Sources

Proceeds from the sale of fixed assets are accounted for as other financial sources and are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
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Program Revenues – Program revenues included in the Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

F. CAPITAL ASSETS

Capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. Approximately 15 per cent of fixed assets costs have been estimated. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS 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 following useful lives:

| | |
|-------------------------------------|--------------|
| Buildings and building improvements | 5 - 40 years |
| Furniture and fixtures | 5 - 15 years |
| Vehicles | 5 years |

G. COMPENSATED ABSENCES

All employees who have completed twelve months of service receive ten (10) days vacation leave each year. Vacation leave does not accumulate or vest. Employees can accumulate compensatory time in lieu of payment for overtime. The Sheriff's standard policy is that sick leave does not accumulate or vest. However, each instance of sick leave is handled on an individual basis at the discretion of the Sheriff. No liability is reported for unpaid accumulated sick leave.

In the FFS, vacation and compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the general fund. The amount not expected to be paid with current resources is not reported in the FFS. The entire compensated absence liability is reported in the GWFS.

H. RESTRICTED NET ASSETS

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
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1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions or enabling legislation.

I. FUND EQUITY

In the FFS, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

J. ESTIMATES

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America require 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, and expenses during the reporting period. Actual results could differ from those estimates.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The general fund had actual expenditures over budgeted appropriations for the year ended June 30, 2004:

| <u>Fund</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|--------------|----------------------------|-------------------------|---------------|---------------------------------|
| General Fund | \$ 2,104,911 | \$ 2,297,318 | \$ 2,304,858 | \$ 7,540 |

3. LEVIED TAXES

The Sheriff levies taxes on real and business personal property located within Jefferson Davis Parish's boundaries. Property taxes are levied by the Sheriff on property values at January 1 assessed by the Jefferson Davis Parish Tax Assessor and approved by the State of Louisiana Tax Commission upon submission of the tax roll.

The Jefferson Davis Parish Sheriff Tax Collector's Office bills and collects property taxes for the Sheriff.

Property Tax Calendar

| | |
|----------------------------------|---------------------------------------|
| Assessment date | January 1 st |
| Levy date | Not later than June 1 st |
| Tax bills mailed | On or about November 15 th |
| Due date | December 31 st |
| Penalties and interest are added | January 1 st |
| Lien date | January 1 st |
| Tax sale - delinquent property | During June |

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

Assessed values are established by the Jefferson Davis Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value:

| | |
|------------------------------|---|
| 10% land | 15% machinery |
| 10% residential improvements | 15% commercial improvements |
| 15% industrial improvements | 25% public service properties, excluding land |

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2003. Total assessed value was \$147,433,702 for the calendar year 2003. Louisiana State law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$35,962,260 of the assessed value in calendar year 2003.

The following is a summary of authorized and levied (tax rate per \$1,000 assessed value) ad valorem taxes:

| | <u>Authorized Millage</u> | <u>Levied Millage</u> | <u>Expiration Date</u> |
|------------------|-------------------------------|---------------------------|----------------------------|
| Law enforcement: | | | |
| Constitutional | 6.20 | 6.20 | NONE |
| Special | 5.95 | 5.95 | 2010 |

4. CASH AND CASH EQUIVALENTS

At June 30, 2004, the Sheriff has cash (book balances) totaling \$ 3,536,834 as follows:

| | |
|-------------------------------|---------------------|
| Cash on hand | \$ 1,300 |
| Checking-non-interest bearing | 81,399 |
| Checking- interest bearing | 2,580,675 |
| Savings deposits | 855,871 |
| Certificates of deposits | <u>17,589</u> |
| | <u>\$ 3,536,834</u> |

Cash and cash equivalents are reported in the basic financial statements as follows:

| | |
|--------------------|---------------------|
| Governmental Funds | \$ 2,369,891 |
| Fiduciary Funds | <u>1,166,943</u> |
| | <u>\$ 3,536,834</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, the Sheriff has

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
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\$3,643,581 in deposits (collected bank balances). These deposits are secured from risk by \$472,506 of federal deposit insurance and \$3,171,075 pledged securities held by the custodial bank in the name of the fiscal bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

5. RECEIVABLES

The receivables of \$56,150 at June 30, 2004, are as follows:

| <u>Class of Receivable</u> | | |
|----------------------------|----|---------------|
| Intergovernmental : | | |
| State | \$ | 6,381 |
| Local | | 35,368 |
| Other | | 14,401 |
| Total | \$ | <u>56,150</u> |

There were no allowances for uncollectible accounts as of June 30, 2004.

6. CAPITAL ASSETS

A summary of changes in capital assets is a follows:

| | <u>Balance</u> <u>Beginning</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Balance Ending</u> |
|--|------------------------------------|------------------|---------------------|-----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 25,000 | \$ - | \$ - | \$ 25,000 |
| Total capital assets not being depreciated | <u>25,000</u> | <u>-</u> | <u>-</u> | <u>25,000</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 31,436 | - | - | 31,436 |
| Furniture and equipment | 453,761 | 16,583 | 26,908 | 443,436 |
| Vehicles | 434,493 | 12,700 | 192,192 | 255,001 |
| Total capital assets being depreciated | <u>919,690</u> | <u>29,283</u> | <u>219,100</u> | <u>729,873</u> |

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

| | | | | |
|---|-------------------|-----------------|----------------|----------------|
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 11,043 | 967 | - | 12,010 |
| Furniture and equipment | 344,224 | 30,725 | 26,870 | 348,079 |
| Vehicles | 344,163 | 31,165 | 190,622 | 184,706 |
| Total accumulated depreciation | <u>699,430</u> | <u>62,857</u> | <u>217,492</u> | <u>544,795</u> |
| Total capital assets being depreciated, net | <u>220,260</u> | <u>(33,574)</u> | <u>1,608</u> | <u>185,078</u> |
| Capital assets, net | <u>\$ 245,260</u> | <u>(33,574)</u> | <u>1,608</u> | <u>210,078</u> |

7. PENSION PLAN

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

All Sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent for each year if total service is at least 12 but less than 15 years, 2.75 percent for each year if total service is at least 15 but less than 20 years, and 3% for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy. Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the Jefferson Davis Parish Sheriff is required to contribute at an actuarially determined rate. The current year rate was 9.25 percent (prior year rates were 7.75 and 7.0 percent) of annual covered payroll. Contributions to the system also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Jefferson Davis Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised statute 11:103, the employer contributions are determined by

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

actuarially valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Jefferson Davis Parish Sheriff's contributions to the System for the years ending June 30, 2004, 2003, 2002, were \$94,277, \$74,865, and \$66,928 respectively, equal to the required contributions for each year.

8. OTHER POST EMPLOYMENT BENEFITS

Pursuant to L.R.S. 33:1448(G), the Sheriff is required to pay the full premium costs of group health and the first \$10,000 of group life insurance for all sheriffs and deputy sheriffs retired with at least fifteen years of service who are at least fifty-five years of age. This post employment benefit is funded monthly on a pay-as-you-go basis. During the year ended June 30, 2004, the Sheriff paid these benefits for six retirees. The total costs reported in the accompanying financial statements for the year ending June 30, 2004, amounted to \$16,610. Group health and life insurance coverages are purchased through the Louisiana Sheriff's Association Group Benefits Plan, therefore the Sheriff has no liability for claims. No provision for the unfunded portion of the Sheriff's future liability has been made in the accompanying financial statements.

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year ended June 30, 2004:

| | Balance <u>Beginning</u> | <u>Additions</u> | <u>Reductions</u> | Balance <u>Ending</u> | Due Within <u>One Year</u> |
|-----------------------------|-----------------------------|------------------|-------------------|--------------------------|----------------------------------|
| Compensated absences | \$ 75,374 | 9,433 | 30,581 | 54,226 | 9,433 |
| Capital lease obligation | 672 | - | 672 | - | - |
| Total long-term liabilities | <u>\$ 76,046</u> | <u>9,433</u> | <u>31,253</u> | <u>54,226</u> | <u>9,433</u> |

10. RESERVED FUND BALANCE

A portion of the fund balance of the General Fund, \$137,290, has been reserved for drug law enforcement. This balance represents seizures from criminal activities. Louisiana Revised Statute 40:2616.B(3.a) requires such proceeds to be used in drug law enforcement.

11. CONTINGENCIES

Litigation. At June 30, 2004, the Sheriff is involved in various lawsuits and pending claims. In the opinion of the Sheriff's legal counsel, the ultimate resolution of these suits would not create a liability to the Sheriff in excess of existing insurance coverage. Accordingly, no provision for losses, exceeding available insurance coverage, has been recorded in the accompanying financial statements.

Grant Disallowances. The Sheriff participates in a number of state and federal financial assistance programs. These programs are subject to further financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined at this time. Based on prior experience the Sheriff feels such amounts, if any, to be immaterial to the financial statements.

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

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

Certain operating expenditures of the Sheriff's office are paid by the parish police jury, as required under Louisiana law, and are not included in the accompanying financial statements. Specifically the police jury maintains and operates the parish courthouse in which the Sheriff's office is located and occasionally provides funds for equipment and furniture of the Sheriff's office. The total amount of these expenditures were not available for disclosure.

13. TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2004, includes \$794,178 of taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$30,659. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

14. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective September 1, 1998, the Sheriff's Office became a participant in the Louisiana Sheriff's Law Enforcement Program (LSLEP), a public entity risk pool currently operating as a common risk management and insurance program for approximately 45 Louisiana Sheriffs. The Sheriff pays an annual premium to the LSLERP for its law enforcement professional liability insurance coverage. The Sheriff is allowed to select the level of coverage during the process of annual enrollment. The risk retained by LSLERP is managed with the intent to be self-sustaining through participant member premiums. Varying levels of excess coverage, if requested by the Sheriff during the enrollment period, are reinsured through commercial insurance companies. As of June 30, 2004, the Sheriff is covered for individual claims and up to \$1,000,000 with an annual aggregate cap of \$1,000,000. The Sheriff has retained the risk in excess of this limit. The Sheriff estimates claims, for risk retained, based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As of June 30, 2004, the Sheriff has no carrying amount recorded in the financial statements of liabilities for unpaid claims and there are no outstanding amounts of claims liabilities for which annuity contracts have been purchased.

The Sheriff also participates in the Louisiana Sheriff's Association Group Benefits Plan (LSAGP) which provides employee health and life insurance benefits. Neither the LSAGP nor the Sheriff assumes any liability for charges not meeting the Plan's definitions of covered expenses. Health insurance claims are administered by a major health insurance company while the life insurance is underwritten with a commercial life insurance company.

The Sheriff continues to carry commercial insurance for risk of loss concerning auto liability and collision. Risk of loss for Courthouse and Jail building contents and equipment is covered principally by the Police Jury through a commercial insurance company. The Sheriff does not maintain insurance coverage for risk of loss related to a building owned separately in the name of the Law Enforcement District which is used to house the Criminal Investigative Division. Under Louisiana Revised Statutes 23:1034, the Sheriff is exempt from workers

JEFFERSON DAVIS PARISH SHERIFF
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

compensation coverage and any risk of loss with respect to himself and commissioned deputies. Settled claims resulting from the aforementioned risks have not exceeded commercial insurance coverage in any of the past three years.

15. RELATED PARTIES

The Sheriff serves as a board member for the Louisiana Sheriff's Law Enforcement Program and the Louisiana Sheriff's Association Group Benefits Plan. Both of these entities provide pooled or consolidated risk management services to the Sheriff.

16. CHANGES IN ACCOUNTING PRINCIPLES

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. Certain of the significant changes in the Statement include the following:

1) For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Sheriff's overall financial position and results of operations.

Government-wide financial statements prepared using full accrual accounting for all of the Sheriff's activities.

2) A change in the fund financial statements to focus on the major funds

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON DAVIS PARISH SHERIFF
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2004**

Schedule 1

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 1,223,623 | \$ 1,283,623 | \$ 1,307,095 | \$ 23,472 |
| Intergovernmental revenues: | | | | |
| State grants | - | - | 22,110 | 22,110 |
| State supplemental pay | 79,200 | 79,200 | 82,979 | 3,779 |
| District attorney - LACE | 60,000 | 60,000 | 78,353 | 18,353 |
| Parish - 911 District | 163,000 | 163,000 | 208,058 | 45,058 |
| Federal grants | - | - | 47,984 | 47,984 |
| Other | 12,500 | 12,500 | 11,314 | (1,186) |
| Fees, charges, and commissions for services: | | | | |
| Commissions on licenses, taxes, etc. | 32,760 | 32,760 | 41,030 | 8,270 |
| Civil and criminal fees | 130,500 | 130,500 | 138,530 | 8,030 |
| Commissions on state revenues sharing | 66,000 | 66,000 | 65,963 | (37) |
| Court attendance | 6,000 | 6,000 | 7,105 | 1,105 |
| Transporting prisoners | 12,000 | 12,000 | 13,748 | 1,748 |
| Feeding and keeping prisoners | 96,000 | 96,000 | 124,979 | 28,979 |
| Commissary sales to inmates | 3,000 | 3,000 | 4,959 | 1,959 |
| Commissions on fines and other forfeitures | 136,000 | 136,000 | 223,995 | 87,995 |
| Other | 36,180 | 36,180 | 57,332 | 21,152 |
| Fines and Forfeitures: | | | | |
| Drug related fines and forfeitures | - | - | 16,556 | 16,556 |
| Bond, fines and other forfeitures | 4,000 | 4,000 | 4,760 | 760 |
| Use of money and property: | | | | |
| Interest | 17,800 | 17,800 | 21,409 | 3,609 |
| Commissions on phones | 17,000 | 17,000 | 18,380 | 1,380 |
| Miscellaneous | 9,684 | 9,684 | 20,444 | 10,760 |
| Total Revenues | <u>2,105,247</u> | <u>2,165,247</u> | <u>2,517,083</u> | <u>351,836</u> |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Personal services and related benefits | 1,527,969 | 1,602,969 | 1,583,541 | 19,428 |
| Operating services | 280,640 | 365,640 | 358,374 | 7,266 |
| Materials and supplies | 229,250 | 254,250 | 278,453 | (24,203) |
| Other | 23,001 | 23,001 | 28,880 | (5,879) |
| Debt service: | | | | |
| Principal | 675 | 675 | 672 | 3 |
| Interest | - | - | 3 | (3) |
| Capital outlay | 24,187 | 30,187 | 34,339 | (4,152) |
| Intergovernmental: | | | | |
| Retirement deducted from tax collections | 19,189 | 20,596 | 20,596 | - |
| Total Expenditures | <u>2,104,911</u> | <u>2,297,318</u> | <u>2,304,858</u> | <u>(7,540)</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | <u>336</u> | <u>(132,071)</u> | <u>212,225</u> | <u>344,296</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sales of general fixed assets | - | - | 7,620 | 7,620 |
| Compensation for loss or damage of assets | - | - | 2,350 | 2,350 |
| Total Other Financing Sources (uses) | <u>-</u> | <u>-</u> | <u>9,970</u> | <u>9,970</u> |
| NET CHANGE IN FUND BALANCE | 336 | (132,071) | 222,195 | 354,266 |
| FUND BALANCES BEGINNING OF YEAR | <u>1,851,486</u> | <u>2,166,045</u> | <u>2,166,045</u> | <u>-</u> |
| FUND BALANCES END OF YEAR | <u>\$ 1,851,822</u> | <u>\$ 2,033,974</u> | <u>\$ 2,388,240</u> | <u>\$ 354,266</u> |

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SHERIFF
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2004

A. BUDGETARY PRACTICES

General Budget Practices The Sheriff follows the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to the Louisiana Government Budget Act (LSA-RS 39:1301-1314), the Sheriff is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to June 15th, the Director of Finance and the Sheriff develop a proposed annual budget for the general fund and all special revenue funds. The operating budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. The public hearing is conducted during a finance committee meeting in order to obtain public input. The budget is subsequently adopted by the Sheriff through a formal budget resolution.

General fund appropriations (unexpended budget balances) lapse at end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the Sheriff.

Budget Basis of Accounting All governmental funds budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the Sheriff cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the Sheriff to amend the budgets to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The Sheriff approves budgets at the object level and management is allowed to transfer amounts between line items within an object.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

| <u>Major Fund</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|-------------------|-------------------------|---------------|---------------------------------|
| General Fund | \$ 2,297,318 | \$ 2,304,858 | \$ 7,540 |

Reason for unfavorable variance : adverse variance was below one half of one percent and therefore considered insignificant with respect to cause.

SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana

COMBINING FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2004

FIDUCIARY FUNDS-AGENCY FUNDS

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes, licenses and fees. The Tax Collector Fund is used to collect and distribute these taxes, licenses and fees to the appropriate taxing bodies.

SHERIFF'S FUND:

CIVIL FUND

The Civil Fund accounts for funds held in civil suits, Sheriff's sales, and garnishments and payments of these collections to the recipients in accordance with applicable law.

CLEARING FUND

The Clearing Fund accounts for miscellaneous funds collecting pending distribution to various interested parties.

BONDS AND FINES FUND

The Bonds and Fines Fund accounts for the collection of bonds, fines, and costs and payments of these collections to the Sheriff's General Fund and other recipients in accordance with applicable law.

OTHER AGENCY FUNDS:

INMATE FUND

The Inmate Fund accounts for individual prisoner account balances. Funds are deposited in the name of the prisoner and are payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentences.

PRISONER WORK RELEASE FUND

The Prisoner Work Release Fund accounts for the collection of inmate wages and the disbursement of those collections in accordance with R.S. 15:711 to 15:711.1.

**JEFFERSON DAVIS PARISH SHERIFF
 AGENCY FUNDS
 Combining Balance Sheet
 June 30, 2004**

Schedule 2

| | Tax Collector Fund | | | Sheriff's Fund | | | Prisoner Work Release | Total |
|--------------------------------------|--------------------|-----------------------------|--------------------|----------------|-----------|-----------------------|-----------------------------|------------------|
| | Ad Valorem | State Revenue Sharing | Parish Licenses | Civil | Clearing | Bonds and Fines | | |
| ASSETS | | | | | | | | |
| Cash and equivalents | \$ 873,909 | 0 | 6,838 | 964 | 37 | 276,441 | 7,269 | 1,166,943 |
| Due from taxing bodies and others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | <u>\$ 873,909</u> | <u>0</u> | <u>6,838</u> | <u>964</u> | <u>37</u> | <u>276,441</u> | <u>7,269</u> | <u>1,166,943</u> |
| LIABILITIES | | | | | | | | |
| Due to taxing bodies and others | 873,909 | 0 | 6,838 | 964 | 37 | 276,441 | 7,269 | 1,166,943 |
| TOTAL LIABILITIES | <u>\$ 873,909</u> | <u>0</u> | <u>6,838</u> | <u>964</u> | <u>37</u> | <u>276,441</u> | <u>7,269</u> | <u>1,166,943</u> |

**JEFFERSON DAVIS PARISH SHERIFF
AGENCY FUNDS
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2004**

Schedule 3

| | Tax Collector Fund | | | Sheriff's Fund | | | Prisoner Work Release | Total | |
|---|--------------------|-----------------------------|--------------------|----------------|----------|-----------------------|-----------------------------|--------|------------|
| | Ad Valorem | State Revenue Sharing | Parish Licenses | Civil | Clearing | Bonds and Fines | | | Inmate |
| BALANCES AT BEGINNING OF YEAR | \$ 557,783 | 0 | 14,776 | 2,296 | 3,852 | 258,541 | 6,190 | 15,123 | 858,561 |
| INCREASES | | | | | | | | | |
| Deposits: | | | | | | | | | |
| Sheriff's sales, suits, and seizures | 0 | 0 | 0 | 425,689 | 0 | 0 | 0 | 0 | 425,689 |
| Bonds, fines, and costs | 0 | 0 | 0 | 0 | 0 | 2,489,865 | 0 | 0 | 2,489,865 |
| Garnishments | 0 | 0 | 0 | 58,708 | 0 | 0 | 0 | 0 | 58,708 |
| Other deposits | 0 | 0 | 0 | 983 | 569,742 | 0 | 45,186 | 1,986 | 617,897 |
| Taxes, fees, etc.. paid to tax collector | 12,465,798 | 625,439 | 148,497 | 0 | 0 | 0 | 0 | 0 | 13,239,734 |
| Total additions | 12,465,798 | 625,439 | 148,497 | 485,380 | 569,742 | 2,489,865 | 45,186 | 1,986 | 16,831,893 |
| DECREASES | | | | | | | | | |
| Deposits settled to: | | | | | | | | | |
| State of Louisiana | 8,082 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,082 |
| Pension funds | 327,069 | 14,950 | 0 | 0 | 0 | 0 | 0 | 0 | 342,019 |
| Sheriff's general fund | 1,315,063 | 65,963 | 24,491 | 68,487 | 0 | 267,476 | 0 | 7,837 | 1,749,317 |
| Police jury and districts | 4,161,805 | 183,400 | 131,944 | 0 | 0 | 857,766 | 0 | 7,787 | 5,342,702 |
| School board | 4,920,241 | 288,858 | 0 | 0 | 0 | 0 | 0 | 0 | 5,209,099 |
| Assessor | 265,920 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 275,920 |
| Municipalities | 955,451 | 62,268 | 0 | 0 | 0 | 0 | 0 | 0 | 1,017,719 |
| District attorney | 0 | 0 | 0 | 0 | 0 | 357,028 | 0 | 0 | 357,028 |
| District court expense funds | 0 | 0 | 0 | 0 | 0 | 108,991 | 0 | 0 | 108,991 |
| Clerk of court | 0 | 0 | 0 | 36,263 | 0 | 119,239 | 0 | 0 | 155,502 |
| Indigent defender board | 0 | 0 | 0 | 0 | 0 | 396,073 | 0 | 0 | 396,073 |
| Attorneys, appraisers, litigants, etc. | 0 | 0 | 0 | 381,962 | 0 | 0 | 0 | 0 | 381,962 |
| Other settlements | 193,375 | 0 | 0 | 0 | 573,557 | 365,392 | 44,107 | 0 | 1,176,431 |
| Protested taxes & interest distributed to taxing bodies & others | 2,666 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,666 |
| Total decreases | 12,149,672 | 625,439 | 156,435 | 486,712 | 573,557 | 2,471,965 | 44,107 | 15,624 | 16,523,511 |
| BALANCES AT END OF YEAR | \$ 873,909 | 0 | 6,838 | 964 | 37 | 276,441 | 7,269 | 1,485 | 1,166,943 |

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**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***

Honorable Richard Edwards, Jr.
Jefferson Davis Parish Sheriff
Jennings, Louisiana

I have audited the of the governmental activities, the major fund, and the aggregate remaining fund information of the *Jefferson Davis Parish Sheriff, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2004*, which collectively comprise the Sheriff's basic financial statements and have issued my report thereon dated December 22, 2004. I conducted my 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 my audit, I considered the Jefferson Davis Parish Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on internal control over financial reporting. My consideration of the internal control 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 in amounts 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. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jefferson Davis Parish Sheriff's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information of the Sheriff, his management, others within the organization, the Legislative Auditor, and any grant awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mike B. Gillespie, CPA, APAC

Certified Public Accountant
Jennings, Louisiana
December 22, 2004

JEFFERSON DAVIS PARISH SHERIFF
Jennings, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2004

Section I Summary of Auditor's Results

Financial Statements

1. Type of report issued: unqualified opinion on the financial statements
2. Internal control over financial reporting:
 - Material weakness(es) identified? - No
 - Reportable condition(s) identified that are not considered to be material weakness(es)? - No
3. Noncompliance material to financial statements noted? - No
4. Was a management letter issued? - No

Federal Awards

5. Internal control over major programs:
 - Material weakness(es) identified? - Not applicable
 - Reportable condition(s) identified that are not considered to be material weakness(es)? - Not applicable
6. Type of auditor's report issued on compliance for major programs: Not applicable
7. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? - Not applicable
8. The programs tested as major programs included: Not applicable
9. The dollar threshold used for distinguishing between Type A and B programs was: Not applicable
10. Did auditee qualify as a low-risk auditee? - Not applicable

Section II Financial Statement Findings

Unresolved Prior Year Finding:

No findings to report.

Current Year Findings:

No findings to report.

Section III Federal Award Findings and Questioned Costs

No findings to report.

**JEFFERSON DAVIS PARISH SHERIFF
MANAGEMENT'S STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004**

SECTION I – FINANACIAL STATEMENT FINDINGS

Finding 2002-1: Failure in Operation of Controls over Bond and Fine Agency Fund

Current Status/ Management Action Planned or Taken: We already implemented procedures to ensure that tape backup systems are working properly. Measures were taken to reconstruct the identity of recipients and distribute the unsettled funds as of the issuance date of this report.

Contact Person: Richard "Ricky" Edwards, Jefferson Davis Parish Sheriff

Completion date: June 30, 2004

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III – MANAGEMENT LETTER FINDINGS

No findings reported.

* * * * *

THIS STATUS OF PRIOR YEAR FINDNGS HAS BEEN PREPARED BY MANAGEMENT

**JEFFERSON DAVIS PARISH SHERIFF
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2004**

SECTION I – FINANACIAL STATEMENT FINDINGS

No current year findings reported.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings reported.

SECTION III – MANAGEMENT LETTER FINDINGS

No current year findings reported.

* * * * *

THIS CORRECTIVE ACTION PLAN HAS BEEN PREPARED BY MANAGEMENT