

**NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004**

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

Release Date 1-26-05

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
JUNE 30, 2004
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NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2004

Legislative Auditor
P. O. Box 94397
Baton Rouge, L.A 70804-9397

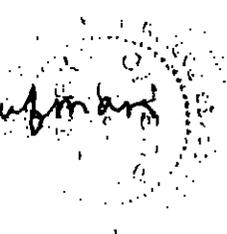
AFFIDAVIT

Personally came and appeared before the undersigned authority, Victor Jones, Natchitoches Parish Sheriff, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of the Natchitoches Parish Sheriff at June 30, 2004 and the results of operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


Sheriff

Sworn to and subscribed before me, this 29th day of October, 2004.


NOTARY PUBLIC



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INDEPENDENT AUDITORS' REPORT

Honorable Victor Jones
Natchitoches Parish Sheriff
P. O. Box 266
Natchitoches, Louisiana 71458

We have audited the accompanying financial statements of the governmental and business-type activities of the Natchitoches Parish Sheriff, Natchitoches, Louisiana, 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 Natchitoches Parish Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities of the Natchitoches Parish Sheriff as of June 30, 2004, and the results of its operations and cash flows of its business-type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 29, 2004, on our consideration of the Natchitoches Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 8 and 31, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Hines, Jackson & Hines

Natchitoches, Louisiana
October 29, 2004

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS
JUNE 30, 2004

The Management's Discussion and Analysis of the Natchitoches Parish Sheriff's financial performance presents a narrative overview and analysis of the Natchitoches Parish Sheriff's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Natchitoches Parish Sheriff's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

Governmental Activities

- 1) The Natchitoches Parish Sheriff had cash and investments of \$959,938 at June 30, 2004 which represents a decrease of \$41,557 from prior year end.
- 2) The Natchitoches Parish Sheriff had accounts receivable of \$60,498 at June 30, 2004 which represents a decrease of \$4,406 from prior year end.
- 3) The Natchitoches Parish Sheriff had accounts payable and accruals of \$67,290 at June 30, 2004 which represents an increase of \$28,287 from prior year end.
- 4) The Natchitoches Parish Sheriff had total revenues and transfers of \$3,558,123 for the year ended June 30, 2004 which represents an increase of \$244,144 from prior year.
- 5) The Natchitoches Parish Sheriff had total expenses of \$3,640,149 for the year ended June 30, 2004 which represents an increase of \$497,722 from prior year.
- 6) The Natchitoches Parish Sheriff had capital asset purchases of \$373,106 for the year ended June 30, 2004 which represents an increase of \$172,052 from prior year.

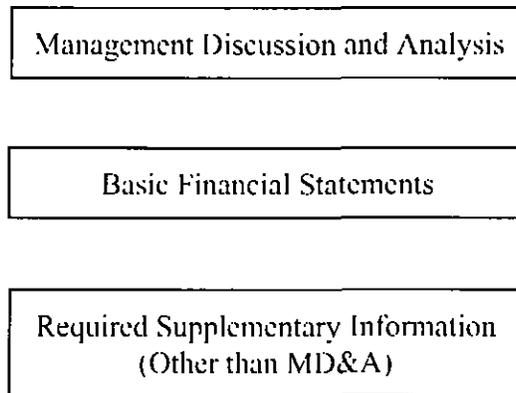
Business-Type Activities

- 1) The Natchitoches Parish Sheriff had cash and investments of \$1,402,246 for the year ended June 30, 2004 which represents an increase of \$193,060 from prior year.
- 2) The Natchitoches Parish Sheriff had accounts receivable of \$334,901 for the year ended June 30, 2004 which represents an increase of \$17,974 from prior year.
- 3) The Natchitoches Parish Sheriff had accounts payable and accruals of \$288,799 for the year ended June 30, 2004 which represents an increase of \$113,905 from prior year.
- 4) The Natchitoches Parish Sheriff had total revenues of \$4,691,190 for the year ended June 30, 2004 which represents an increase of \$310,388 from prior year.
- 5) The Natchitoches Parish Sheriff had total operating expenses of \$4,350,263 for the year ended June 30, 2004 which represents an increase of \$450,536 from prior year.
- 6) The Natchitoches Parish Sheriff had salaries of \$1,488,897 for the year ended June 30, 2004 which represents an increase of \$232,930 from prior year.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Natchitoches Parish Sheriff as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis--for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

This annual report consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Natchitoches Parish Sheriff as a whole and present a longer-term view of the Sheriff's finances. Fund financial statements start on page 11. 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 he Sheriff's operations in more detail than the government-wide statements by providing information about the Sheriff's most significant funds.

Reporting the Sheriff as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Sheriff's finances is, "Is the Sheriff as a whole better off or worse off as 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.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the Sheriff as a Whole (Continued)

The Statement of Net Assets and the Statement of Activities (Continued)

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.

In the Statement of Net Assets and the Statement of Activities, we divide the Sheriff into two kinds of activities:

Governmental Activities: The Sheriff's basic operations are reported here. These activities are financed by taxes, intergovernmental revenues, fees, charges and commissions for services and interest.

Business-Type Activities: The Sheriff's housing of male inmates (state and local) are reported here. These activities are financed by charges for services.

Reporting the Sheriff's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Sheriff as a whole. Some funds are required to be established by state law and by bond covenants. However, the Sheriff establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Sheriff's two kind of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds: Most of the Sheriff's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Sheriff's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Sheriff's activities as well as what remains for future spending.

Proprietary Funds: When the Sheriff charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. In fact, the Sheriff's enterprise funds are the same as the business-type activities we reported in the government-wide statements but provide more detail and additional information, such as cash flows.

NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

FINANCIAL ANALYSIS OF THE ENTITY

	Statement of Net Assets			
	As of Year End			
	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Current and other assets	\$ 1,020,436	\$ 1,066,399	\$ 1,737,147	\$ 1,526,113
Capital assets, net	525,129	328,569	2,448,056	2,587,402
Deferred debt expense, net	<u>0</u>	<u>0</u>	<u>124,882</u>	<u>135,362</u>
Total Assets	<u>\$ 1,545,565</u>	<u>\$ 1,394,968</u>	<u>\$ 4,310,085</u>	<u>\$ 4,248,877</u>
Other liabilities	\$ 75,582	\$ 39,003	\$ 288,799	\$ 174,894
Capital lease obligations	196,044	0	0	0
Long-term debt	<u>0</u>	<u>0</u>	<u>2,734,000</u>	<u>2,923,000</u>
Total Liabilities	<u>271,626</u>	<u>39,003</u>	<u>3,022,799</u>	<u>3,097,894</u>
Net assets				
Investment in capital assets, net of related debt	329,085	328,569	(285,944)	(335,598)
Unrestricted	<u>944,854</u>	<u>1,027,396</u>	<u>1,573,230</u>	<u>1,486,581</u>
Total Net Assets	<u>1,273,939</u>	<u>1,355,965</u>	<u>1,287,286</u>	<u>1,150,983</u>
Total Liabilities and Net Assets	<u>\$ 1,545,565</u>	<u>\$ 1,394,968</u>	<u>\$ 4,310,085</u>	<u>\$ 4,248,877</u>

Net assets of the Natchitoches Parish Sheriff decreased by \$82,026 or 6.05% and increased by \$136,303 or 11.84% from the previous fiscal year in governmental and business-type activities, respectively. The changes in governmental activities are the result of expenses exceeding operating and nonoperating revenues during the fiscal year ended 2004 (See table below). The changes in business-type activities are the result of operating and other revenues exceeding operating and other expenses during the fiscal year ended 2004 (See table below).

	Statement of Activities			
	For the Year Ended			
	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
General government				
Expenses	\$ (3,640,149)	\$ (3,142,427)	\$ (4,554,887)	\$ (4,115,558)
Program revenues				
Fees, charges, and commissions for services	494,044	474,173	4,640,768	4,408,293
Operating and capital grants and contributions	<u>448,278</u>	<u>613,612</u>	<u>190,105</u>	<u>19,379</u>
Subtotal	<u>(2,697,827)</u>	<u>(2,054,642)</u>	<u>275,986</u>	<u>312,114</u>
General revenues and transfers	<u>2,615,801</u>	<u>2,226,194</u>	<u>(139,683)</u>	<u>(46,870)</u>
Change in net assets	<u>\$ (82,026)</u>	<u>\$ 171,552</u>	<u>\$ 136,303</u>	<u>\$ 265,244</u>

The Natchitoches Parish Sheriff's total revenues and transfers increased by \$244,144 or 7.37% and increased by \$310,388 or 7.09% from the previous fiscal year in governmental and business-type activities, respectively. The total cost of all programs and services increased by \$497,722 or 15.84% and increased \$439,329 or 10.67%, from the previous fiscal year in governmental and business-type activities, respectively.

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Natchitoches Parish Sheriff had \$525,129 and \$2,448,056, net of depreciation, in governmental and business-type activities, respectively, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$196,560 or 59.82% and a net decrease (including additions and deductions) of \$139,346 or 5.39% in governmental and business-type activities, respectively, from the previous year.

Capital Assets at Year End
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 7,250	\$ 7,250	\$ 146,089	\$ 146,089
Construction in progress	0	0	57,826	0
Buildings and building improvements	3,000	3,500	2,183,047	2,366,633
Automobiles	413,297	208,399	6,838	14,827
Equipment, furniture and fixtures	101,582	109,420	54,256	59,853
Total	<u>\$ 525,129</u>	<u>\$ 328,569</u>	<u>\$ 2,448,056</u>	<u>\$ 2,587,402</u>

This year's major additions and retirements included:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
This year's major additions included:		
Construction in progress	\$ 0	\$ 57,826
Automobiles	347,278	0
Equipment, furniture and fixtures	25,828	23,139
Total	<u>\$ 373,106</u>	<u>\$ 80,965</u>
This year's major retirements included:		
Automobiles	\$ 253,898	\$ 0
Equipment, furniture and fixtures	407,154	351,967
Total	<u>\$ 661,052</u>	<u>\$ 351,967</u>

Debt

The Natchitoches Parish Sheriff had \$196,044 and \$2,734,000 in capital lease obligations and long-term debt in governmental and business-type activities, respectively, outstanding at year end. This amount represents a net increase of \$196,044 or 100.00% and a net decrease of \$189,000 or 6.47% in governmental and business-type activities, respectively, as shown in the table below.

Outstanding Debt at Year End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Capital lease obligations	\$ 196,044	\$ 0	\$ 0	\$ 0
Certificate of indebtedness	0	0	74,000	108,000
Revenue bonds	0	0	2,660,000	2,815,000
Totals	<u>\$ 196,044</u>	<u>\$ 0</u>	<u>\$ 2,734,000</u>	<u>\$ 2,923,000</u>

NATCHITOCHES PARISH SHERIFF
NATCHITOCHEFS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt (Continued)

New debt during the year included:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Capital lease obligations	<u>\$ 196,044</u>	<u>\$ 0</u>
Total	<u>\$ 196,044</u>	<u>\$ 0</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$158,956 more than budgeted amounts due to fees, charges, and commissions for services being more than expected.

Actual expenditures were \$615,343 more than budgeted amounts due to personal services and capital outlay being more than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Management of the Natchitoches Parish Sheriff considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

Governmental Activities

- 1) Taxes
- 2) Intergovernmental revenues (local, state and federal grants)
- 3) Fees, charges, and commissions for services

The Natchitoches Parish Sheriff does not expect any significant changes in next year's results as compared to the current year.

Business-Type Activities

- 1) Number of inmates
- 2) Intergovernmental revenues (local, state and federal grants)
- 3) Cost of Operations

The Natchitoches Parish Sheriff does not expect any significant changes in nonoperating activities in next year's results as compared to the current year. However, the Sheriff expects the construction of a work release dormitory to be completed in October 2004 which will house 48 inmates. The effect of the completion of this project on the Sheriff's financial statements will be based on the number and timing of any new inmates being housed in the facility.

CONTACTING THE NATCHITOCHEFS PARISH SHERIFF'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Natchitoches Parish Sheriff's finances and to show the Natchitoches Parish Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Victor Jones, Sheriff, P. O. Box 266, Natchitoches, Louisiana 71458.

EXHIBIT A

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 958,839	\$ 455,235	\$ 1,414,074
Investments	1,099	947,011	948,110
Accounts receivable	<u>60,498</u>	<u>330,101</u>	<u>390,599</u>
Total Current Assets	1,020,436	1,732,347	2,752,783
Noncurrent Assets			
Capital assets, net	525,129	2,448,056	2,973,185
Deferred debt expense, net	<u>0</u>	<u>124,882</u>	<u>124,882</u>
Total Assets	<u>\$ 1,545,565</u>	<u>\$ 4,305,285</u>	<u>\$ 5,850,850</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Current portion of capital lease obligations	\$ 95,748	\$ 0	\$ 95,748
Current portion of long-term debt	0	206,000	206,000
Accounts payable and accruals	67,290	271,614	338,904
Interest payable	3,492	17,185	20,677
Internal balances	<u>4,800</u>	<u>(4,800)</u>	<u>0</u>
Total Current Liabilities	171,330	489,999	661,329
Noncurrent Liabilities			
Capital lease obligations, net of current portion	100,296	0	100,296
Long-term debt, net of current portion	<u>0</u>	<u>2,528,000</u>	<u>2,528,000</u>
Total Liabilities	271,626	3,017,999	3,289,625
NET ASSETS			
Investment in capital assets, net of related debt	329,085	(285,944)	43,141
Unrestricted	<u>944,854</u>	<u>1,573,230</u>	<u>2,518,084</u>
Total Net Assets	<u>1,273,939</u>	<u>1,287,286</u>	<u>2,561,225</u>
Total Liabilities and Net Assets	<u>\$ 1,545,565</u>	<u>\$ 4,305,285</u>	<u>\$ 5,850,850</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Fees, Charges, and Commissions for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General Government							
Personal services	\$ 2,627,385	\$ 375,529	\$ 424,087	\$ 0	\$ (1,827,769)	\$ 0	\$ (1,827,769)
Travel	14,388	2,056	0	0	(12,332)	0	(12,332)
Operating services	448,893	64,160	0	0	(384,733)	0	(384,733)
Supplies	352,061	50,320	10,611	0	(291,130)	0	(291,130)
Professional services	13,850	1,979	0	0	(11,871)	0	(11,871)
Interest on long-term debt	7,026	0	0	0	(7,026)	0	(7,026)
Depreciation	176,546	0	0	13,580	(162,966)	0	(162,966)
Total Governmental Activities	<u>3,640,149</u>	<u>494,044</u>	<u>434,698</u>	<u>13,580</u>	<u>(2,697,827)</u>	<u>0</u>	<u>(2,697,827)</u>
Business-Type Activities							
Detention Center	4,554,887	4,640,768	190,105	0	0	275,986	275,986
Total Business-Type Activities	<u>4,554,887</u>	<u>4,640,768</u>	<u>190,105</u>	<u>0</u>	<u>0</u>	<u>275,986</u>	<u>275,986</u>
Total Government	<u>\$ 8,195,036</u>	<u>\$ 5,134,812</u>	<u>\$ 624,803</u>	<u>\$ 13,580</u>	<u>(2,697,827)</u>	<u>275,986</u>	<u>(2,421,841)</u>
General Revenues							
Taxes					2,254,372	0	2,254,372
State revenue sharing					141,845	0	141,845
Interest income					18,671	4,319	22,990
Miscellaneous					56,911	0	56,911
Transfers					144,002	(144,002)	0
Total General Revenues and Transfers					<u>2,615,801</u>	<u>(139,683)</u>	<u>2,476,118</u>
Change in Net Assets					(82,026)	136,303	54,277
Net Assets, Beginning of year as restated					<u>1,355,965</u>	<u>1,150,983</u>	<u>2,506,948</u>
Net Assets, End of year					<u>\$ 1,273,939</u>	<u>\$ 1,287,286</u>	<u>\$ 2,561,225</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General Fund</u>
<u>Assets</u>	
Cash	\$ 958,839
Investments	1,099
Accounts receivable	<u>60,498</u>
Total Assets	<u>\$ 1,020,436</u>
 <u>Liabilities and Fund Balances</u>	
<u>Liabilities</u>	
Accounts payable and accruals	\$ 67,290
Due to other funds	<u>4,800</u>
Total Liabilities	72,090
 <u>Fund Balances</u>	
Unreserved	<u>948,346</u>
Total Net Assets	<u>948,346</u>
Total Liabilities and Fund Balances	<u>\$ 1,020,436</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances for Governmental Funds (Exhibit C) \$ 948,346

Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	7,250	
Buildings and building improvements, net of \$141,000 in accumulated depreciation.		3,000	
Automobiles, net of \$607,167 in accumulated depreciation.		413,297	
Equipment, furniture, and fixtures net of \$118,991 in accumulated depreciation.		<u>101,582</u>	
Total Capital Assets			525,129

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities. Interest on long-term debt is not accrued in government funds, but rather is recognized as an expenditure when due. Long-term liabilities and accrued interest on long-term debts are reported in the statement of net assets. Long-term liabilities and accrued interest on long-term debt at year ended consist of:

Interest payable		3,492	
Capital lease obligations	\$	<u>196,044</u>	
Total Long-term Liabilities			<u>(199,536)</u>

Total Net Assets of Governmental Activities (Exhibit A) \$ 1,273,939

NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL
FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>General Fund</u>
Revenues	
Taxes	\$ 2,254,372
State revenue sharing	141,845
Intergovernmental revenues	448,278
Fees, charges, and commissions for services	494,044
Interest	18,671
Miscellaneous	56,911
Total Revenues	3,414,121
Expenditures	
General government	
Personal services	2,627,385
Travel	14,388
Operating services	448,893
Supplies	352,061
Professional services	13,850
Debt service	105,060
Capital outlay	373,106
Total Expenditures	3,934,743
Excess/(Deficiency) Of Revenues Over Expenditures	(520,622)
Other Financing Sources/(Uses)	
Capital leases	297,570
Transfers	144,002
Total Other Financing Sources/(Uses)	441,572
Net Change in Fund Balances	(79,050)
Fund Balances, Beginning of year	1,027,396
Fund Balances, End of year	\$ 948,346

The accompanying notes are an integral part of this statement.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Net Change in Fund Balances-Total Governmental Funds (Exhibit E)	\$ (79,050)
The change in Net Assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$373,106) exceeds depreciation (\$176,546) in the current period.	196,560
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(3,492)
Some capital outlay additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the state of net assets, the lease obligation is reported as a liability.	(297,570)
Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>101,526</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$ (82,026)</u>

EXHIBIT G

NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

	<u>Detention Center</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 455,235
Investments	947,011
Accounts receivable	330,101
Due from other funds	<u>4,800</u>
Total Current Assets	1,737,147
Noncurrent Assets	
Capital assets, net	2,448,056
Deferred debt expense, net	<u>124,882</u>
Total Assets	<u>\$ 4,310,085</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Current portion of long-term debt	\$ 206,000
Accounts payable and accruals	<u>288,799</u>
Total Current Liabilities	494,799
Noncurrent Liabilities	
Long-term debt, net of current portion	<u>2,528,000</u>
Total Liabilities	3,022,799
 NET ASSETS	
Investment in capital assets, net of related debt	(285,944)
Unrestricted	<u>1,573,230</u>
Total Net Assets	<u>1,287,286</u>
Total Liabilities and Net Assets	<u>\$ 4,310,085</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Detention Center</u>
OPERATING REVENUES	
Charges for services	\$ 3,872,875
Commissary	422,255
Work release revenues	292,479
Other	<u>53,159</u>
Total Operating Revenues	4,640,768
OPERATING EXPENSES	
Amortization expense	10,480
Depreciation	220,311
Employee benefits	449,919
Food	473,221
Fuel	29,209
Insurance	150,933
Medical expense	263,784
Miscellaneous	4,366
Payroll taxes	30,010
Prisoner security	15,307
Professional services	21,944
Repairs and maintenance	49,842
Retirement	123,530
Salaries	1,488,897
Supplies	725,076
Training	2,740
Telephone	21,693
Uniforms	28,682
Utilities	<u>240,319</u>
Total Operating Expenses	<u>4,350,263</u>
Operating Income	290,505
Nonoperating Revenues/(Expenses)	
Interest income	4,319
Interest expense	(204,624)
Intergovernmental revenues	190,105
Transfers out	<u>(144,002)</u>
Total Nonoperating Revenues/(Expenses)	<u>(154,202)</u>
Change in Net Assets	136,303
Net Assets, Beginning of year	<u>1,150,983</u>
Net Assets, End of year	<u>\$ 1,287,286</u>

The accompanying notes are an integral part of this statement.

EXHIBIT I

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2004

	<u>Detention Center</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,632,110
Cash payments to suppliers for goods and services	(2,535,664)
Cash payments to employees for services	(1,490,593)
Other operating revenues/(expenses)	<u>0</u>
Net Cash From Operating Activities	605,853
Cash Flows From Non-Capital Financing Activities	
Intergovernmental revenues	181,222
Other nonoperating activity, inmate accounts	<u>22,125</u>
Net Cash From Non-Capital Financing Activities	203,347
Cash Flows From Capital and Related Financing Activities	
Payments to Natchitoches Parish Sheriff, general fund	(144,002)
Principal payments on revenue bonds	(155,000)
Principal payments on certificate of indebtedness	(34,000)
Acquisition/construction of capital assets	(80,965)
Interest paid	<u>(206,059)</u>
Net Cash From Capital and Related Financing Activities	(620,026)
Cash Flows From Investing Activities	
Interest income	3,885
Purchase of investments	<u>(2,169)</u>
Cash Flows From Investing Activities	<u>1,716</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	190,890
Cash and Cash Equivalents, Beginning of year	<u>264,345</u>
Cash and Cash Equivalents, End of year	<u><u>\$ 455,235</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 290,505
Adjustments to reconcile operating income to net cash from operating activities	
Amortization expense	10,480
Depreciation expense	220,311
(Increase) decrease in operating assets	
Accounts receivable	(8,658)
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	<u>93,215</u>
Net Cash Flows From Operating Activities	<u><u>\$ 605,853</u></u>

The accompanying notes are an integral part of this statement.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Tax Collector Fund</u>	<u>Bond Fund</u>	<u>Delayed Fines Fund</u>	<u>Civil Fund</u>	<u>Total</u>
Assets					
Cash	\$ <u>335,911</u>	\$ <u>368,073</u>	\$ <u>266,306</u>	\$ <u>3,485</u>	\$ <u>973,775</u>
Total Assets	\$ <u>335,911</u>	\$ <u>368,073</u>	\$ <u>266,306</u>	\$ <u>3,485</u>	\$ <u>973,775</u>
Liabilities					
Due to other governments	\$ <u>335,911</u>	\$ <u>368,073</u>	\$ <u>266,306</u>	\$ <u>3,485</u>	\$ <u>973,775</u>
Total Liabilities	\$ <u>335,911</u>	\$ <u>368,073</u>	\$ <u>266,306</u>	\$ <u>3,485</u>	\$ <u>973,775</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As the 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. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

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

A. Basis of Accounting

The accompanying financial statements of the Natchitoches 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 No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. Reporting Entity

The Natchitoches Parish Sheriff is an independent elected parish official. His office receives funding primarily through ad valorem taxes, state revenue sharing, intergovernmental revenues and fees, charges, and commissions for services. The office is independent and receives no financial benefit from the Natchitoches Parish Police Jury other than the provision of office space and utilities related to the office space. The Natchitoches Parish Sheriff was determined not to be a component unit of the Natchitoches Parish Police Jury.

Based on the application of criteria established by GASB Statement No. 14, it was determined that the Natchitoches Parish Sheriff has no financial accountability and exercises no oversight responsibility for any other entity. Therefore, the accompanying financial statements present information only on the funds maintained by the Natchitoches Parish Sheriff.

C. Fund Accounting

The Natchitoches Parish Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Sheriff are classified into three categories: governmental, proprietary and fiduciary, as follows:

NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Governmental Funds

Governmental funds account for all or most of the Natchitoches Parish 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 general fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Natchitoches Parish Sheriff and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax. Other sources of revenue include state revenues sharing, intergovernmental revenues and fees, charges and commissions for services. General operating expenditures are paid from this fund.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Natchitoches Parish Sheriff applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund - The enterprise fund is used to account for operations a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Sheriff are agency funds. 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, but use the modified accrual basis of accounting.

Agency Fund - The agency funds are used as depositories for ad valorem taxes, civil suits, cash bonds, taxes and fees. Disbursements from the funds are made to various parish agencies, litigants in suits, and others, in the manner prescribed by law.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus/Basis of Accounting

Government - Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets, Exhibit A, and the Statement of Activities, Exhibit B) report information on all of the nonfiduciary activities of the Natchitoches Parish Sheriff. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state revenue sharing, intergovernmental revenues and fees, charges, and commissions for services, are reported separately from business-type activities, which rely to a significant extent on fees, charges, and commissions for services.

The government-wide financial statements were prepared using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from nonchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet (Exhibit C). The Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit E) 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 differs from the manner in which the governmental activities of the government - wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government - wide statements and the statements for governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Transfers between funds that are not expected to be repaid (or any other similar type items, such as capital lease transactions, sale of fixed assets, debt extinguishment, long-term proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Natchitoches Parish Sheriff prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Sheriff amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

F. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Natchitoches Parish Sheriff, Louisiana defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, \$0 and \$0 of Governmental and Business-Type Activities receivables, respectively, were considered to be uncollectible.

I. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Natchitoches Parish Sheriff are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Debt Expense

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs and bond discounts (deferred debt expense) paid by the enterprise fund, Detention Center, was \$209,592. The amortization expense related to deferred debt expense was \$10,480 for the year ended June 30, 2004.

K. Compensated Absences

Employees of the Natchitoches Parish Sheriff that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave does not carryover or accumulate from one fiscal year to the next, and there are no vesting privileges. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 LEVIED TAXES

The Natchitoches Parish Sheriff levies taxes on real and business personal property located within its boundaries. Ad valorem taxes are assessed on a calendar year basis, levied and become due on November 15 of each year and become an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of June 30, 2004:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Law enforcement	18.14	18.14	Statutory

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions includes savings, demand deposits, time deposits, and certificates of deposit. Under state law the Natchitoches Parish Sheriff may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

A. Deposits with Financial Institutions (Continued)

These pledged 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. The deposits at June 30, 2004 were secured as follows:

	Cash	Certificates of Deposit	Total
Deposits in bank accounts per balance sheet	\$ 2,387,449	\$ 0	\$ 2,387,449
Bank Balances:	Cash	Certificates of Deposit	Total
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 235,481	\$ 0	\$ 235,481
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	2,205,288	0	2,205,288
3. Uncollateralized, including any securities held for the entity but not in entity's name	5,920	0	5,920
Total Bank Balances	\$ 2,446,689	\$ 0	\$ 2,446,689

The following is a breakdown by banking institution and amount of the balances shown above:

Banking Institution	Amount
Bank of Montgomery	\$ 105,920
City Bank & Trust Company	2,308,349
Exchange Bank	32,420
Total	\$ 2,446,689

B. Investments

The Natchitoches Parish Sheriff maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Sheriff may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Natchitoches Parish Sheriff as of June 30, 2004 are summarized below by the category of risk.

Category 1	Insured or registered in the entity's name, or security held by the entity or its agent in the entity's name.
Category 2	Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name.
Category 3	Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

<u>Type of Investments</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Money market accounts	\$ 948,110	\$ 948,110
Total	<u>\$ 948,110</u>	<u>\$ 948,110</u>

NOTE 4 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2004:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Fees, charges, and commissions for services	\$ 19,658	\$ 0	\$ 19,658
Charges for services	0	322,468	322,468
Intergovernmental revenues	35,500	7,199	42,699
Interest	0	434	434
Other	5,340	0	5,340
Total	<u>\$ 60,498</u>	<u>\$ 330,101</u>	<u>\$ 390,599</u>

NOTE 5 CAPITAL ASSETS

A summary of the Natchitoches Parish Sheriff's capital assets at June 30, 2004 follows:

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2004</u>
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 7,250	\$ 0	\$ 0	\$ 7,250
Total Capital Assets, not being depreciated	7,250	0	0	7,250
<i>Capital Assets, being depreciated</i>				
Buildings and building improvements	144,000	0	0	144,000
Less accumulated depreciation	(140,500)	(500)	0	(141,000)
Total Buildings and Building Improvements	3,500	(500)	0	3,000
Automobiles	927,084	347,278	(253,898)	1,020,464
Less accumulated depreciation	(718,685)	(142,380)	253,898	(607,167)
Total Automobiles	208,399	204,898	0	413,297
Equipment, furniture and fixtures	601,899	25,828	(407,154)	220,573
Less accumulated depreciation	(492,479)	(33,666)	407,154	(118,991)
Total Equipment, Furniture and Fixtures	109,420	(7,838)	0	101,582
Total Capital Assets, being depreciated	<u>321,319</u>	<u>196,560</u>	<u>0</u>	<u>517,879</u>
Governmental Activities				
Total Capital Assets, net	<u>\$ 328,569</u>	<u>\$ 196,560</u>	<u>\$ 0</u>	<u>\$ 525,129</u>

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2003	Additions	Retirements	Balance June 30, 2004
Business-Type Activities				
Capital Assets, not being depreciated				
Land	\$ 146,089	\$ 0	\$ 0	\$ 146,089
Construction in progress	0	57,826	0	57,826
Total Capital Assets, not being depreciated	146,089	57,826	0	203,915
Capital Assets, being depreciated				
Buildings and Building Improvements	3,457,433	0	0	3,457,433
Less accumulated depreciation	(1,090,800)	(183,586)	0	(1,274,386)
Total Buildings and Building Improvements	2,366,633	(183,586)	0	2,183,047
Automobiles	106,401	0	0	106,401
Less accumulated depreciation	(91,574)	(7,989)	0	(99,563)
Total Automobiles	14,827	(7,989)	0	6,838
Equipment, furniture and fixtures	498,930	23,139	(351,967)	170,102
Less accumulated depreciation	(439,077)	(28,736)	351,967	(115,846)
Total Equipment, Furniture and Fixtures	59,853	(5,597)	0	54,256
Total Capital Assets, being depreciated	2,441,313	(197,172)	0	2,244,141
Business-Type Activities				
Total Capital Assets, net	\$ 2,587,402	\$ (139,346)	\$ 0	\$ 2,448,056
Total Government				
Total Capital Assets, net	\$ 2,915,971	\$ 57,214	\$ 0	\$ 2,973,185

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2004:

	Governmental Activities	Business-Type Activities	Total
Vendor	\$ 45,545	\$ 181,929	\$ 227,474
Salaries and related benefits	21,745	2,541	24,286
Other	0	87,144	87,144
Total	\$ 67,290	\$ 271,614	\$ 338,904

NOTE 7 INTERFUND TRANSFERS

Transfers for the year ended June 30, 2004, were as follows:

Fund	Transfers In	Transfers Out
General	\$ 144,002	\$ 0
Detention Center	0	144,002
Total	\$ 144,002	\$ 144,002

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 8 LONG TERM-DEBT

The following is a summary of the capital lease obligations and long-term debt of the Natchitoches Parish Sheriff for the year ended June 30, 2004:

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004	Current Amounts
Capital leases	\$ 0	\$ 297,570	\$ 101,526	\$ 196,044	\$ 95,748
Certificate of indebtedness	108,000	0	34,000	74,000	36,000
Revenue bonds	<u>2,815,000</u>	<u>0</u>	<u>155,000</u>	<u>2,660,000</u>	<u>170,000</u>
Total	<u>\$ 2,923,000</u>	<u>\$ 297,570</u>	<u>\$ 290,526</u>	<u>\$ 2,930,044</u>	<u>\$ 301,748</u>

The terms of the individual long-term debt issues of the Sheriff are as follows:

	Interest Rate	Maturity Date	Amount Issued	Outstanding
Certificate of indebtedness	5.37%	03/01/06	\$ 300,000	\$ 74,000
Revenue Bonds	5.2%-7.2%	06/01/15	<u>3,695,000</u>	<u>2,660,000</u>
Total			<u>\$ 3,995,000</u>	<u>\$ 2,734,000</u>

The annual requirements to amortize the individual long-term debt issues outstanding as of June 30, 2004, including interest payments are as follows:

Year Ended June 30,	Revenue Bonds	Certificate of Indebtedness	Total
2005	\$ 360,330	\$ 39,007	\$ 399,337
2006	359,280	39,020	398,300
2007	356,320	0	356,320
2008	357,640	0	357,640
2009	357,880	0	357,880
Thereafter	<u>2,146,800</u>	<u>0</u>	<u>2,146,800</u>
Total	<u>\$ 3,938,250</u>	<u>\$ 78,027</u>	<u>\$ 4,016,277</u>

NOTE 9 LEASES

On November 14, 2003, the Natchitoches Parish Sheriff entered into a lease agreement with an original recorded amount of \$297,570 for the purchase of 15 police cars. The agreement provides for three (3) annual payments of \$105,060. At the maturity of the lease term, the Sheriff may purchase the vehicles for one (1) dollar. The original recorded amount of the vehicles is included in capital assets.

The following is a schedule of future minimum lease payments and the present value of the net future minimum lease payments as of June 30, 2004:

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 9 LEASES (CONTINUED)

Year Ending	
<u>June 30</u>	
2005	\$ 105,060
2006	<u>105,060</u>
Total minimum lease payments	210,120
Less amount representing interest	<u>(14,076)</u>
Present value of minimum lease payments	<u>\$ 196,044</u>

The Natchitoches Parish Sheriff was not obligated under any operating leases at June 30, 2004.

NOTE 10 PENSION PLANS

Substantially all employees of the Natchitoches Parish Detention Center's office are members of the Sheriff's Pension and Relief Fund ("System"), a multiple-employer, cost-sharing public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of sheriffs and their staffs, which is administered and controlled by a separate board of trustees. Contributions of participating sheriffs, together with shared local and state revenues, are pooled within the System to fund accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month and who are 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 average final salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent if total service is at least 12 but less than 15 years, 2.75 percent if total service is at least 15 but less than 20 years, and 3 percent if total service is at least 20 years. In any case, the retirement benefit cannot exceed 100 percent of the 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 who do not withdraw their employee contributions, may retire at or after age 55 and receive the benefits accrued to their date of termination. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between the ages of 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 by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Sheriff's Pension & Relief Fund, Monroe, Louisiana, 71210-3163 or by calling (318) 362-3188.

Contributions to the system include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the state of Louisiana. State statute requires covered employees to contribute 9.8 percent of their salary to the system and requires an employer contribution equal to 9.25 percent of each covered employee's salary. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Natchitoches Parish Detention Center's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$276,681, \$206,300 and \$178,291, respectively, equal to the required contribution for each year.

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 11 LITIGATION

The Natchitoches Parish Sheriff is a defendant in various litigations as of the close of business on June 30, 2004. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff's legal counsel, resolution of these matters would not create a liability in excess of insurance coverage, and therefore would not have a material adverse effect on the financial condition of the Sheriff.

NOTE 12 RISK MANAGEMENT

The Natchitoches Parish 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. The Sheriff maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Sheriff.

NOTE 13 EXPENSES OF THE SHERIFF'S OFFICE PAID BY THE PARISH POLICE JURY

The Natchitoches Parish Police Jury provided office space and paid the utilities related to the office space for the Natchitoches Parish Sheriff for the year ended June 30, 2004.

NOTE 14 PRIOR YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2004:

Governmental Activities

Fund Balance, beginning of year as previously reported	\$ 1,027,396
Adjustments:	
Investments in Capital Assets, beginning of year	1,680,233
Accumulated Depreciation, beginning of year	<u>(1,351,664)</u>
Net Assets, beginning of year as restated	<u>\$ 1,355,965</u>

NOTE 15 SUBSEQUENT EVENTS

Revenue Refunding Bonds, Series 2004

On September 15, 2004, the Natchitoches Parish Sheriff entered into an agreement to issue, sell and deliver not exceeding \$2,600,000 of Revenue Refunding Bonds, series 2004, for the defeasing and refunding of \$2,600,000 of the outstanding Series 1995 Revenue Bonds which mature June 1, 2005 through June 1, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Fav./(Unfav.)
Revenues				
Taxes	\$ 2,050,000	\$ 2,200,000	\$ 2,254,372	\$ 54,372
State revenue sharing	140,000	140,000	141,845	1,845
Intergovernmental revenues	352,500	381,142	448,278	67,136
Fees, charges, and commissions for services	455,000	393,200	494,044	100,844
Interest	13,500	12,000	18,671	6,671
Miscellaneous	96,500	128,823	56,911	(71,912)
Total Revenues	<u>3,107,500</u>	<u>3,255,165</u>	<u>3,414,121</u>	<u>158,956</u>
Expenditures				
General government				
Personal services	2,359,900	2,492,900	2,627,385	(134,485)
Travel	10,000	10,000	14,388	(4,388)
Operating services	377,500	389,000	448,893	(59,893)
Supplies	250,000	275,000	352,061	(77,061)
Professional services	20,000	20,000	13,850	6,150
Debt service	0	0	105,060	(105,060)
Capital outlay	100,000	132,500	373,106	(240,606)
Total Expenditures	<u>3,117,400</u>	<u>3,319,400</u>	<u>3,934,743</u>	<u>(615,343)</u>
Excess/(Deficiency) Of Revenues Over Expenditures	(9,900)	(64,235)	(520,622)	(456,387)
Other Financing Sources/(Uses)				
Capital leases	0	0	297,570	297,570
Transfers	220,000	161,000	144,002	(16,998)
Total Other Financing Sources/(Uses)	<u>220,000</u>	<u>161,000</u>	<u>441,572</u>	<u>280,572</u>
Net Change in Fund Balances	210,100	96,765	(79,050)	(175,815)
Fund Balances, Beginning of year	<u>1,027,396</u>	<u>1,027,396</u>	<u>1,027,396</u>	<u>0</u>
Fund Balances, End of year	<u>\$ 1,237,496</u>	<u>\$ 1,124,161</u>	<u>\$ 948,346</u>	<u>\$ (175,815)</u>

OTHER SUPPLEMENTARY INFORMATION

NATCHITOCHES PARISH SHERIFF
NATCHITOCHES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION #1	SUMMARY OF AUDITORS' RESULTS
<u>FINANCIAL STATEMENTS</u>	
1. Type of auditors' report issued.	Unqualified
2. Internal control over financial reporting:	
a) Material weaknesses identified?	None
b) Reportable conditions identified not considered to be material weaknesses?	None
c) Noncompliance material to the financial statements noted?	None

SECTION #2

FINANCIAL STATEMENT FINDINGS

- | | |
|---------|--|
| 2004-01 | The bank deposit balances of the Natchitoches Parish Sheriff exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage. |
| 2004-02 | Actual expenditures for the general fund were \$615,343 (18.54%) more than budgeted amounts in 2004. |

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Victor Jones
Natchitoches Parish Sheriff
P. O. Box 266
Natchitoches, Louisiana 71458

We have audited the basic financial statements of the Natchitoches Parish Sheriff, Natchitoches, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Natchitoches Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 two instances of noncompliance that are required to be reported under Government Auditing Standards. A description of the findings can be found in findings 2004-01 and 2004-02 of the accompanying Corrective Action Plan For Current Year Audit Findings, Schedule 4.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 misstatement 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Hines, Jackson & Hines

Natchitoches, Louisiana
October 29, 2004

NATCHITOCHE'S PARISH SHERIFF
NATCHITOCHE'S, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

NATCHITOCHEFS PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
2004-01	The bank deposit balances of the Natchitoches Parish Sheriff exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage.	The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.	Victor Jones, Sheriff	11/30/2004
2004-02	Actual expenditures for the general fund were \$615,343 (18.54%) more than budgeted amounts in 2004.	The management of the Natchitoches Parish Sheriff will closely monitor its budget and make amendments to it as necessary to accurately reflect expected revenues and expenditures and to satisfy legal requirements.	Victor Jones, Sheriff	11/30/2004

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Honorable Victor Jones
Natchitoches Parish Sheriff
P. O. Box 266
Natchitoches, Louisiana 71458

We are writing this letter as a follow-up to our recent audit of the basic financial statements of the Natchitoches Parish Sheriff, Natchitoches, Louisiana, as of June 30, 2004, and for the year then ended. We offer the following observations and recommendations, which are intended to help improve record keeping procedures and general operations of the Natchitoches Parish Sheriff and are intended to be constructive in nature:

1) Existing Conditions

At June 30, 2004, the bank deposit balances of the Natchitoches Parish Sheriff exceeded federal deposit insurance corporation (FDIC) coverage. This resulted in bank deposits not being secured against loss because the depositing banks did not pledge sufficient securities at a third party custodian to cover the excess deposits.

LSA-RS 39:1225 requires that the amount of security maintained on bank deposits shall at all times be equal to one hundred percent of the amount of bank deposits except that portion of the deposits insured by the FDIC.

Recommended Action

We suggest management of the Natchitoches Parish Sheriff review on a quarterly basis the amount of securities being pledged at each institution that deposits are maintained to ensure that proper security is being maintained over the funds as required by LSA-RS 39:1225.

Management's Response

The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.

2) Existing Conditions

We noted that actual expenditures for the general fund were \$615,343 (18.54%) more than budgeted amounts in 2004.

LSA-R.S. 39:1310 requires the Natchitoches Parish Sheriff to amend its budget whenever actual revenues and expenditures are projected to be less than or exceed budgeted amounts by more than five percent.

Recommended Action:

We suggest management of the Natchitoches Parish Sheriff closely monitor and amend its adopted budget whenever there has been a change in operations upon which the original adopted budget was developed. Care should be exercised to maintain actual revenues and expenditures within the five percent limit established by statute.

Management's Response:

The management of the Natchitoches Parish Sheriff will closely monitor its budget and make amendments to it as necessary to accurately reflect expected revenues and expenditures and to satisfy legal requirements.

These comments and recommendations are not all inclusive and are not intended to be critical of anyone. We would like to thank the Natchitoches Parish Sheriff's management and staff for their courtesy and cooperation during our engagement. If you have any questions or concerns, please let us know.

Hines, Jackson & Hines

Natchitoches, Louisiana
October 29, 2004