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ORLEANS PARISH CIVIL SHERIFF

**FINANCIAL AND COMPLIANCE
AUDIT TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
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

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INDEPENDENT AUDITORS' REPORT

To the Honorable Paul R. Valteau, Jr.
Orleans Parish Civil Sheriff

We have audited the accompanying financial statements of the governmental activities, the major fund and the remaining fund information of the **Orleans Parish Civil Sheriff (the Sheriff)** 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. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our 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 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

To the Honorable Paul R. Valteau, Jr.
Orleans Parish Civil Sheriff
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As described in NOTE 1, **the Sheriff** adopted the provisions of the Government Auditing Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments and GASB Statement No. 38, Certain Financial Statements Note Disclosures, as of July 1, 2003.

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2004 on our consideration of **the 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 on page 3 to 7 and budgetary comparison on page 30 to 31 are not required as part of the basic financial statements but are supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 17, 2004

**ORLEANS PARISH CIVIL SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004**

The **Orleans Parish Civil Sheriff (the Sheriff)** management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of **the Sheriff's** financial activity, and identify changes in **the Sheriff's** financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and is intended to provide the financial results for the fiscal year ended June 30, 2004.

This is the first year of GASB 34 implementation. As a result the financial report is presented very differently than previous years. The following is an illustration on how this financial report is presented.

MD&A
Management's Discussion and Analysis
(required and supplementary information - new)

Basic Financial Statements
Government-Wide Financial Statements

Fund Financial Statements
(refocused)

Notes to the financial statements
(expanded/restructured)

Other required Supplementary Information
Required supplementary information
(other than MD&A expanded)

ORLEANS PARISH CIVIL SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements are new and provide a perspective of **the Sheriff** as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds' *current financial resources (short-term spendable resources)* with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

Fund Financial Statements

The fund statements are similar to financial presentations of years past, but the new focus is on **the Sheriff's** major funds rather than fund types as in the past. The two account groups: General Fixed Assets and General Long-term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under *this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated.* Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund of **the Sheriff**. The General Fund is used primarily to account for the general operations. Its revenues are primarily derived from fees and commissions, and security services.

**ORLEANS PARISH CIVIL SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004**

Financial Analysis of the Sheriff

Summary of Net Assets	
Assets	
Current assets	\$ 2,923,607
Capital assets, net	<u>379,298</u>
Total assets	<u>\$ 3,302,905</u>
Liabilities	
Current liabilities	576,805
Non current liabilities	<u>30,606</u>
Total liabilities	<u>607,411</u>
Net Assets	
Invested in capital assets	379,298
Unrestricted	<u>2,315,596</u>
Total net assets	<u>\$ 2,694,894</u>

As indicated by the statement above, total net assets are \$2,694,894. Net assets can be separated into two categories: invested in capital assets and unrestricted net assets.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$1,094,783, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$715,485.

The remaining \$2,315,596 in net assets is unrestricted. The unrestricted net assets are an accumulation of prior years' operating results. This balance is directly affected each year by the Sheriff's operating results.

ORLEANS PARISH CIVIL SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004

Results of Operations

General Revenues

Fees and commissions	\$5,931,421
Security services	2,485,847
Supplementary pay	329,808
Other	<u>22,203</u>
<i>Total general revenues</i>	<u>8,769,279</u>

Expenses

Salaries and related benefits	7,840,851
Operating services	<u>1,272,264</u>
<i>Total expenses</i>	<u>9,113,115</u>
Decrease in net assets	<u>\$(343,836)</u>

GASB 34 requires year over year comparisons, but since this is the first year of GASB 34, no comparison is required. This statement will have revenue and expense comparisons beginning in fiscal year 2005.

As indicated above, net assets decreased \$(343,836). The prior year net assets balance of \$3,038,730 was reduced by this decrease.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2004, capital assets consisted of the following:

Building and building improvements	\$ 189,595
Equipment	548,745
Vehicles	356,443
Less accumulated depreciation	<u>(715,485)</u>
<i>Net capital assets</i>	<u>\$ 379,298</u>

Depreciation expense for the year was \$253,143.

**ORLEANS PARISH CIVIL SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004**

Debt Administration

In the June 30, 2004 fiscal year, capital lease obligation decreased by \$114,579, based on scheduled payments of principal.

Economic Factors and Next Year's Budget

The major factor affecting the budget is the revenues received from servicing citations, summonses, subpoenas, notices and other processes, executing writs for judicial sales and providing security services.

Original vs. Revised Budget

As required by state law, **the Sheriff** adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies.

The Sheriff amended its original budget twice during the 2004 fiscal year.

Revenue Budget

The Sheriff's actual general fund revenues of \$8,769,279 were more than the budget by \$486,777, a variance of about 6%. This variance was created by earned revenues from fees and commissions, and security services in excess of budgeted amounts.

Expenditure Budget

The Sheriff's total actual general fund expenditures of \$9,076,205 were more than the budget by only \$472.

Contacting the Sheriff's Financial Management

This financial report is designed to provide a general overview of **the Sheriff's** finances for all those who have interest in **the Sheriff's** finances. If you have questions about this report or need additional information, contact Mr. Paul R. Valteau Jr., Sheriff, at 421 Loyola Avenue, Room 403, New Orleans, Louisiana 70112.

**ORLEANS PARISH CIVIL SHERIFF
STATEMENT OF NET ASSETS
JUNE 30, 2004**

ASSETS

Current Assets:

Cash and cash equivalents (NOTE 2)	\$2,051,373
Accounts receivable	207,090
Due from agency fund	<u>664,544</u>

Total current assets 2,923,007

Capital assets, net (NOTE 3) 379,298

Total assets 3,302,305

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	457,456
Current portion of capital lease payable (NOTE 7)	<u>119,349</u>

Total current liabilities 576,805

Noncurrent Liabilities:

Capital lease payable (NOTE 7)	<u>30,606</u>
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Total liabilities 607,411

NET ASSETS

Investment in capital assets	379,298
Unrestricted	<u>2,315,596</u>

Total net assets \$2,694,894

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

**ORLEANS PARISH CIVIL SHERIFF
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

EXPENSES

Salaries and related benefits:	
Salaries	\$6,106,919
Pension contributions	560,809
Social security contributions	24,974
Medicare tax	76,335
Unemployment compensation insurance	56,431
Group insurance	711,724
<i>Parking</i>	28,638
Continuing education	10,193
Louisiana deferred compensation	264,828
Contractual services:	
Sheriff's expense allowance	12,399
Communications and telephone	73,871
Equipment rentals	65,596
Equipment repair and maintenance	13,063
Equipment	44,982
Oil and gas auto	72,264
Repairs and maintenance	47,603
Liability insurance	268,427
Dues and subscriptions	13,100
Data processing	42,059
Accounting	17,750
Professional services	49,337
Materials and supplies:	
Stationery, printing and supplies	54,857
Postage and bulk mailing	28,526

(CONTINUED)

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

**ORLEANS PARISH CIVIL SHERIFF
STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004**

EXPENSES, Continued

Other:	
Household	\$ 15,279
Public relations	13,525
Convention and travel	30,632
Advertising	8,903
Building security	115,287
Office maintenance	24,532
Interest	7,129
Depreciation	<u>253,143</u>
Total expenses	<u>9,113,115</u>

GENERAL REVENUES

Fees and commissions	5,931,421
Security services	2,485,847
Supplementary pay	329,808
Interest	17,229
Other	<u>4,974</u>
Total revenues	<u>8,769,279</u>

CHANGE IN NET ASSETS (343,836)

Net assets, beginning of year as restated (NOTE 9)	<u>3,038,730</u>
Net assets, end of year	<u>\$2,694,894</u>

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

**ORLEANS PARISH CIVIL SHERIFF
BALANCE SHEET-GOVERNMENTAL FUND-GENERAL FUND
JUNE 30, 2004**

ASSETS

Cash and cash equivalents (NOTE 2)	\$2,051,373
Accounts receivable	207,090
Due from civil fund	<u>664,544</u>
 Total assets	 <u>\$2,923,007</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable and accrued liabilities	\$ <u>457,456</u>
 Total liabilities	 457,456

FUND BALANCE

Undesignated	<u>2,465,551</u>
 Total fund balance	 <u>2,465,551</u>
 Total liabilities and fund balance	 <u>\$2,923,007</u>

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

**ORLEANS PARISH CIVIL SHERIFF
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total fund balance - Governmental Fund	\$2,465,551
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Amounts reported for governmental activities in
the Statement of Net Assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the fund (NOTE 3):

The cost of capital assets	\$1,094,783	
Accumulated depreciation is	<u>(715,485)</u>	379,298

Long-term liabilities are not due and
payable in the current period therefore
are not reported in the fund:

Capital lease payable-current	(119,349)	
Capital lease payable-long-term	<u>(30,606)</u>	<u>(149,955)</u>

Net assets of governmental activities	<u>\$2,694,894</u>
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The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

REVENUES

Fees and commissions	\$5,931,421
Security services	2,485,847
Supplementary pay	329,808
Interest	17,229
Other	<u>4,974</u>
Total revenues	<u>8,769,279</u>

EXPENDITURES

<i>Salaries and related benefits:</i>	
Salaries	6,106,919
Pension contributions	560,809
Social security contributions	24,974
Medicare tax	76,335
Unemployment compensation insurance	56,431
Group insurance	711,724
Parking	28,638
Continuing education	10,193
Louisiana deferred compensation	264,828
<i>Contractual services:</i>	
Sheriff's expense allowance	12,399
Communications and telephone	73,871
Equipment rentals	65,596
Equipment repair and maintenance	13,063
Equipment	44,982
Oil and gas auto	72,264
Repairs and maintenance	47,603
Liability insurance	268,427
Dues and subscriptions	13,100
Data processing	42,059

(CONTINUED)

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

**ORLEANS PARISH CIVIL SHERIFF
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND-GENERAL FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004**

EXPENDITURES, CONTINUED

Contractual Services, Continued:	
Accounting	\$ 17,750
Professional services	49,337
Materials and supplies:	
Stationery, printing and supplies	54,857
Postage and bulk mailing	28,526
Other:	
Household	15,279
Public relations	13,525
Convention and travel	30,632
Advertising	8,903
Building security	115,287
Office maintenance	24,532
Capital Outlay	101,654
Debt Service:	
Principal	114,579
Interest	<u>7,129</u>
Total expenditures	<u>9,076,205</u>
<i>Net change in fund balance</i>	(306,926)
Fund balance, beginning of year	<u>2,772,477</u>
Fund balance, end of year	<u><u>\$2,465,551</u></u>

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

**ORLEANS PARISH CIVIL SHERIFF
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

Total change in fund balance-Governmental Fund	\$(306,926)
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because: The Governmental Fund reported capital outlays as expenditures whereas in the Statement of Activities these cost are depreciated over their estimated lives:</p>	
Capital assets purchased	101,654
Depreciation expense	(253,143)
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities</p>	
	<u>114,579</u>
Change in net assets of governmental activities	\$(<u>343,836</u>)

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

**ORLEANS PARISH CIVIL SHERIFF
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2004**

AGENCY FUND

ASSETS

Cash and cash equivalents	<u>\$5,399,897</u>
Total assets	<u>\$5,399,387</u>

LIABILITIES

Due to general fund	\$ 664,544
Due to litigants	<u>4,735,353</u>
Total liabilities	<u>\$5,399,897</u>

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

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The Sheriff serves a four-year term, as provided by Article V, Section 32 and R.S.33:1501.1 of the Louisiana Constitution of 1974. **The Sheriff** is the Chief Executive Officer of the Civil District Courts of the Parish of Orleans and he serves citations, summonses, subpoenas, notices and other processes and executes writs for judicial sales and disburses monies realized in accordance with laws, mandates, orders and judgments directed to him by the District Courts, the Courts of Appeals and the Supreme Court.

According to GASB No. 14, **the Sheriff** is considered a primary government and does not include any component units. For financial reporting purposes, **the Sheriff** includes all funds and activities that are controlled by **the Sheriff** as an independently elected parish official. The activities of the parish, school board, other independently elected parish officials, and municipal level governments are not included within the accompanying financial statements as they are considered autonomous governmental units. These units of government issue financial statements separate from those of **the Sheriff**.

A. Basis of Presentation

*The accompanying financial statements of **the Sheriff** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.*

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

B. Implementation of GASB Statements

During the fiscal year 2004, **the Sheriff** adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital Assets - consists of capital assets, net of accumulated depreciation.

Restricted Net Assets - result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2004, **the Sheriff** had no restricted net assets.

Unrestricted Net Assets - consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. *Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.*

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

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 relating to certain **Sheriff** functions and activities. A fund is a separate 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 is **the Sheriff's** governmental fund:

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 **the Sheriff's** policy.

Agency Fund

The agency fund accounts for assets held by **the Sheriff** as an agent for deposits held pending court action. This fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but uses the modified accrual basis of accounting.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

D. Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of **the Sheriff**.

The GWFS were prepared using 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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Fund Financial Statements (FFS)

Governmental funds 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 change in fund balance 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 governmental-wide statements and the statements for governmental funds 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.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

D. Basis of Accounting/Measurement Focus, Continued

Fund Financial Statements (FFS), Continued

FFS report detailed information about **the Sheriff**. 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. At June 30, 2004, the general fund is the only major fund of **the Sheriff**.

The General Fund is maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. **The Sheriff** uses the following practices in recording revenues and expenditures.

E. Budgetary Accounting

The proposed budget for 2004 was made available for public inspection according to state law. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal ten days prior to the public hearing for comments from taxpayers. The budget is legally adopted and amended, as necessary, by **the Sheriff**. At fiscal close, all appropriations lapse. All changes in the budget must be approved by **the Sheriff**. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements reflect the originally adopted budget and all subsequent amendments.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

F. Vacation and Sick Leave

Employees of **the Sheriff** are entitled to one-to-four weeks of annual leave depending on the employee's years of service. An additional day is allowed for each year of service over twenty years. Annual leave may not be accumulated. All annual leave is charged to the period in which it is taken or used and any unused annual leave is not considered a vested benefit and accordingly **the Sheriff** has not established any liability for accrued annual leave benefits.

Each full-time employee of **the Sheriff** with more than one year of employment is allowed twelve days of sick leave each year, earned one day for each month worked. Sick leave is cumulative up to twenty working days; however, all accrued sick leave is not a vested benefit and accordingly **the Sheriff** has not established any liability for accrued sick leave benefits.

G. Cash and Cash Equivalents

Cash includes amounts on hand and in demand deposits, interest-bearing demand deposits, and cash equivalents. Cash equivalents include amounts in government backed discount notes with original maturities of 90 days or less. Cash equivalents are held in safe keeping at a custodial bank in **the Sheriff's** name. Under state law, **the Sheriff** may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

H. Use of Estimates

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

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. **The Sheriff** maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. 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 are depreciated using the straight-line method over the useful lives.

J. Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2004, no allowance for uncollectible receivables was provided.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Cash Equivalents:

At June 30, 2004, **the Sheriff** has cash and cash equivalents (book balances) as follows:

Cash on hand	\$	330
Interest - bearing demand deposits		552,151
Cash equivalents- FHLMC discount note		<u>1,498,892</u>
Sub-total		2,051,373
Non interest-bearing demand deposits-Agency Fund		<u>5,399,897</u>
Total		<u>\$7,451,270</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 \$6,887,271 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$10,786,301 of pledged securities held by the custodial bank in the name of the fiscal agent 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.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Capital Assets:

Capital asset activity as of and for the year ended June 30, 2004 follows:

<u>Capital Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Building and building improvements	\$ 189,595	\$ -0-	\$ -0-	\$ 189,595
Equipment	536,356	12,389	-0-	548,745
Vehicles	<u>267,178</u>	<u>89,265</u>	<u>-0-</u>	<u>356,443</u>
 Total Capital Assets	 <u>993,129</u>	 <u>101,654</u>	 <u>-0-</u>	 <u>1,094,783</u>
 <u>Accumulated Depreciation</u>				
Building and building improvements	43,132	38,031	-0-	81,163
Equipment	319,946	128,868	-0-	448,814
Vehicles	<u>99,264</u>	<u>86,244</u>	<u>-0-</u>	<u>185,508</u>
 Total Accumulated Depreciation	 <u>462,342</u>	 <u>253,143</u>	 <u>-0-</u>	 <u>715,485</u>
 Net Capital Assets	 <u>\$ 530,787</u>	 <u>\$ (151,489)</u>	 <u>\$ -0-</u>	 <u>\$ 379,298</u>

NOTE 4 - Pension Plans:

Plan Description

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

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Pension Plans, Continued:

Plan Description, Continued

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were 18 and older 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 percent 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 to 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 coverage salary and **the Sheriff** is required to contribute at an actuarial determined rate. The current rate is 9.25 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 Sheriff** are established and may be amended by state statute.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Pension Plans, Continued:

Funding Policy, Continued

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 Sheriff's** contributions to the System for the years ended June 30, 2004, 2003 and 2002, were \$560,809 and \$345,854 and \$373,460, respectively, equal to the required contributions for each year.

NOTE 5 - Contingency - Litigation:

The Sheriff is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of **the Sheriff**, the outcome of these lawsuits will not have a material adverse effect on the financial statements and, accordingly, no provision for losses has been recorded for these lawsuits.

NOTE 6 - 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 and natural disasters for which **the Sheriff** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Capital Lease Obligation

The Sheriff has entered into a lease agreement for financing the acquisition of office equipment. This lease qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the date of inception.

Future minimum payments under the capitalized lease consist of the following at June 30, 2004:

<u>June 30,</u>	<u>Amount</u>
2005	\$123,678
2006	<u>30,634</u>
Total minimum payments	154,312
Less amounts representing interest	<u>(4,357)</u>
Long-term lease obligation	<u>\$149,955</u>

NOTE 8 - Changes in General Long-term Obligations:

<u>Long-term Obligations</u>	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2004</u>
Capital lease	<u>\$264,534</u>	<u>\$-0-</u>	<u>\$114,579</u>	<u>\$149,955</u>

ORLEANS PARISH CIVIL SHERIFF
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Accounting Change:

Fund balance at June 30, 2003, as previously reported	\$2,772,477
GASB Statement No. 34 adjustments:	
Balance of capital assets acquired at June 30, 2003	993,129
Accumulated depreciation at June 30, 2003	(462,342)
Capital lease payable	<u>(264,534)</u>
Net assets at July 1, 2003, as restated	<u>\$3,038,730</u>

NOTE 10 - Deferred Compensation Plan

The Sheriff offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees of **the Sheriff** at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

REQUIRED SUPPLEMENTARY INFORMATION

**ORLEANS PARISH CIVIL SHERIFF
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
<u>REVENUES</u>				
Fees and commissions	\$6,042,947	\$5,714,008	\$5,931,421	\$217,413
Security services	2,312,887	2,237,001	2,485,847	248,846
Supplementary pay	282,733	306,656	329,808	23,152
Interest	35,618	16,037	17,229	1,192
Other	<u>-0-</u>	<u>8,800</u>	<u>4,974</u>	<u>(3,826)</u>
Total revenues	<u>\$8,674,185</u>	<u>\$8,282,502</u>	<u>\$8,769,279</u>	<u>\$486,777</u>
<u>EXPENDITURES</u>				
Salaries	\$5,727,825	\$6,160,685	\$6,106,919	\$53,766
Pension contributions	476,841	593,427	560,809	32,618
Social security contributions	41,756	22,341	24,974	(2,633)
Medicare tax	72,256	87,859	76,335	11,524
Unemployment compensation insurance	44,809	49,285	56,431	(7,146)
Group insurance	745,772	712,772	711,724	1,048
Parking	27,645	27,093	28,638	(1,545)
Continuing education	9,441	9,441	10,193	(752)
Louisiana deferred compensation	-0-	270,428	264,828	5,600
Sheriff's expense allowance	12,416	12,416	12,399	17
Communications and telephone	57,568	80,970	73,871	7,099
Equipment rentals	78,215	74,215	65,596	8,619
Equipment repair and maintenance	18,000	20,000	13,063	6,937
Equipment	-0-	-0-	44,982	(44,982)
Oil and gas auto	104,372	77,169	72,264	4,905
Repairs and maintenance	28,236	43,866	47,603	(3,737)
Liability insurance	225,283	275,000	268,427	6,573
Dues and subscriptions	9,500	15,872	13,100	2,772
Data processing	9,000	35,644	42,059	(6,415)
Accounting	17,750	17,750	17,750	-0-
Professional services	96,649	52,970	49,337	3,633

(CONTINUED)

**ORLEANS PARISH CIVIL SHERIFF
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
<u>EXPENDITURES, CONTINUED</u>				
Stationery, printing and supplies	58,950	49,680	54,857	(5,177)
Postage and bulk mailing	35,133	35,133	28,526	6,607
Household	12,000	15,935	15,279	656
Public relations	2,000	3,225	13,525	(10,300)
Convention and travel	15,000	24,000	30,632	(6,632)
Advertising	-0-	12,000	8,903	3,097
Building security	70,791	140,732	115,287	25,445
Office maintenance	24,000	22,000	24,532	(2,532)
Capital outlay	100,000	120,000	101,654	18,346
Principal	-0-	-0-	114,579	(114,579)
Interest debt service	<u>13,825</u>	<u>13,825</u>	<u>7,129</u>	<u>6,696</u>
Total expenditures	<u>8,135,033</u>	<u>9,075,733</u>	<u>9,076,205</u>	<u>(472)</u>
Excess (deficiency) of revenues over expenditures	539,152	(793,231)	(306,926)	486,305
Fund balance, beginning of year	<u>2,772,477</u>	<u>2,772,477</u>	<u>2,772,477</u>	<u>-0-</u>
Fund balance, end of year	<u>\$3,311,629</u>	<u>\$1,979,246</u>	<u>\$2,465,551</u>	<u>\$486,305</u>

See independent auditors' report on required supplementary information.



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

To the Honorable Paul R. Valteau, Jr.
Orleans Parish Civil Sheriff

We have audited the financial statements of **Orleans Parish Civil Sheriff (the Sheriff)** as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 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 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

(CONTINUED)

To the Honorable Paul R. Valteau, Jr.
Orleans Parish Civil Sheriff

Internal Control over Financial Reporting

In planning and performing our audit, we considered **the 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 misstatements 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 operation that we consider to be material weaknesses.

This report is intended solely for **the Sheriff** and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 17, 2004

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

I SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements:
unqualified opinion.
- B. Reportable conditions in internal control were disclosed by the audit of the financial statements: **none reported** material weaknesses: **no.**
- C. Noncompliance which is material to the financial statements:
no.
- D. Reportable conditions in internal control over major programs: **not applicable** material weaknesses: **not applicable.**
- E. The type of report issued on compliance for major programs: **not applicable.**
- F. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **not applicable.**
- G. Major programs: **not applicable.**
- H. Dollar threshold used to distinguish between Type A and Type B programs:
not applicable.
- I. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **not applicable.**
- J. A management letter was issued: **no.**

II FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No matters reported.

III FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Not applicable.

ORLEANS PARISH CIVIL SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

I. INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS

No prior year comments reported.

II. INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS

Not applicable.

III. MANAGEMENT LETTER

No prior year comments reported.