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ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
Financial Report
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

The Honorable Ronald J. Theriot
St. Martin Parish Sheriff
St. Martinville, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish 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 St. Martin Parish 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish Sheriff, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the St. Martin Parish Sheriff adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of June 30, 2004. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated November 4, 2004, on our consideration of the St. Martin 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.

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The required supplementary information on pages 29 through 35 is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

The St. Martin Parish Sheriff has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Martin Parish Sheriff's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 4, 2004

BASIC FINANCIAL STATEMENTS

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

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Net Assets
June 30, 2004

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 2,312,129
Receivables	71,432
Due from other governmental units	818,699
Prepaid items	<u>158,891</u>
Total current assets	<u>3,361,151</u>
Noncurrent assets:	
Restricted assets:	
Cash and interest-bearing deposits	89,012
Capital assets, net	<u>4,322,192</u>
Total noncurrent assets	<u>4,411,204</u>
Total assets	<u>7,772,355</u>
LIABILITIES	
Accounts payable	294,304
Deferred revenue	44,500
Due to others	40,085
Other accrued liabilities	<u>73,784</u>
Total liabilities	<u>452,673</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,322,192
Restricted	44,512
Unrestricted	<u>2,952,978</u>
Total net assets	<u>\$ 7,319,682</u>

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

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Activities
For the Year Ended June 30, 2004

Expenses:

Public safety:

Personal services and related benefits	\$ 6,955,325
Operating services	1,575,937
Operations and maintenance	3,056,145
Interest expense	<u>590</u>
Total expenses	<u>11,587,997</u>

Program revenues:

Fines, forfeitures, and other fees	<u>5,405,296</u>
Net program expense	<u>(6,182,701)</u>

General revenues:

Property taxes, levied for general purposes	2,015,311
Sales tax	1,951,816
Federal sources	272,233
State sources	1,606,564
Interest and investment earnings	25,726
Miscellaneous	<u>223,226</u>
Total general revenues	<u>6,094,876</u>

Change in net assets (87,825)

Beginning net assets 7,407,507

Ending net assets \$ 7,319,682

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

911 Communications District -

To account for the operation of the communications district which was established to implement and administer the 911 emergency telephone system. The system is financed by user fees assessed on customer's telephone service. Expenditures for this system are paid from this fund.

Adult Protective Services -

To account for the revenues and related expenditures of the Adult Protective Services Grant.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Balance Sheet
Governmental Funds
June 30, 2004

	General	911 Communications District	Adult Protective Services	Total
ASSETS				
Cash and interest-bearing deposits	\$ 1,833,432	\$ 415,049	\$ 90,724	\$ 2,339,205
Receivables:				
Due from other governmental units	860,066	-	-	860,066
Due from other funds	173,687	-	-	173,687
Prepaid items	158,891	-	-	158,891
Other receivables	-	71,432	-	71,432
Total assets	<u>\$ 3,026,076</u>	<u>\$ 486,481</u>	<u>\$ 90,724</u>	<u>\$ 3,603,281</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	289,606	4,698	-	294,304
Deferred revenue	44,500	-	-	44,500
Due to others	40,085	-	-	40,085
Other accrued liabilities	73,784	-	-	73,784
Due to other funds	-	82,963	90,724	173,687
Total liabilities	<u>447,975</u>	<u>87,661</u>	<u>90,724</u>	<u>626,360</u>
Fund balances -				
Reserved for prepaid items	158,891	-	-	158,891
Unreserved, undesignated	2,419,210	398,820	-	2,818,030
Total fund balance	<u>2,578,101</u>	<u>398,820</u>	<u>-</u>	<u>2,976,921</u>
Total liabilities and fund balance	<u>\$ 3,026,076</u>	<u>\$ 486,481</u>	<u>\$ 90,724</u>	<u>\$ 3,603,281</u>

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

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

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

Total fund balance for governmental funds at June 30, 2004			\$ 2,976,921
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		\$ 692,990	
Buildings and improvements, net of \$555,086 accumulated depreciation		2,686,670	
Equipment and vehicles, net of \$2,104,508 accumulated depreciation		<u>942,532</u>	4,322,192
Governmental funds are not reported on the accrual basis of accounting and therefore, there are some revenue sources that were not reported in the funds. The additional accrual is:			
Due from other governmental units			<u>20,569</u>
Total net assets of governmental activities at June 30, 2004			<u>\$ 7,319,682</u>

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

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

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

	<u>General</u>	<u>911 Communications District</u>	<u>Adult Protective Services</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 3,967,127	\$ -	\$ -	\$ 3,967,127
Intergovernmental	1,691,415	-	187,382	1,878,797
Fees, charges, and commissions for services	4,966,035	418,695	-	5,384,730
Interest income	21,343	4,383	-	25,726
Miscellaneous	223,224	-	-	223,224
Total revenues	<u>10,869,144</u>	<u>423,078</u>	<u>187,382</u>	<u>11,479,604</u>
Expenditures:				
Current -				
Public safety:				
Personal services and related benefits	6,592,296	227,637	138,467	6,819,933
Operating services	1,511,105	46,208	18,623	1,557,313
Operations and maintenance	2,430,602	93,458	30,292	2,524,060
Capital outlay	153,808	-	-	153,808
Debt service - principal	35,175	-	-	35,175
Debt service - interest	590	-	-	590
Total expenditures	<u>10,723,576</u>	<u>367,303</u>	<u>187,382</u>	<u>11,278,261</u>
Excess of revenues over expenditures	145,568	55,775	-	201,343
Fund balances, beginning	<u>2,432,533</u>	<u>343,045</u>	<u>-</u>	<u>2,775,578</u>
Fund balances, ending	<u>\$ 2,578,101</u>	<u>\$ 398,820</u>	<u>\$ -</u>	<u>\$ 2,976,921</u>

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

ST. MARTIN PARISH SHERIFF
St. Martinville, 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

Total net change in fund balances at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 201,343
The change in net assets reported for governmental activities in the statement of activities is different because:	
<p>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.</p>	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 153,808
Depreciation expense for the year ended June 30, 2004	<u>(467,432)</u> (313,624)
<p>Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.</p>	
	(31,288)
<p>Governmental funds are reported on the modified accrual basis of accounting as opposed to the accrual basis of accounting. Therefore, there are additional accruals in the statement of activities.</p>	
	20,569
<p>Governmental funds record long-term debt in the General Long-Term Debt Account Group as opposed to recording debt activity in the fund financial statements. However, in the statement of activities, the debt and related expenses are reported.</p>	
	<u>35,175</u>
Total changes in net assets at June 30, 2004 per Statement of Activities	<u>\$ (87,825)</u>

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

FUND DESCRIPTIONS - FIDUCIARY FUNDS

AGENCY FUNDS

All of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net assets.

Civil Fund

The Civil Fund was established to account for funds held in connection with civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund

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

Installment Fines Fund

The Installment Fines Fund is used to account for the collection of fines paid on an installment basis as authorized by the court.

Bonds and Fines Fund

The Bonds and Fines Fund is used to account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Prison Inmate Fund

The Prison Inmate Fund is used to account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2004

	<u>2004</u>
Assets	
Cash and cash equivalents	<u>\$ 1,680,913</u>
Liabilities	
Held for inmates	27,217
Held for taxing bodies	<u>1,653,696</u>
Total liabilities	<u>\$ 1,680,913</u>

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

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements

(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 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 is responsible for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, 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 collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

The accompanying financial statements of the St. Martin Parish Sheriff (Sheriff) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended June 30, 2004 the Sheriff implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

The accounting and reporting policies of the St. Martin Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide. "Audits of State and Local Governmental Units."

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council,

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

The various funds of the Sheriff are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The funds of the Sheriff considered to be major funds are described below:

Governmental Funds –

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, sales and use tax of one half percent (.5%), and fees for feeding and keeping prisoners. Other sources of revenue include state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

Special Revenue Funds –

911 Communications District Fund

This special revenue fund accounts for the operation of the communications district which was established to implement and administer the 911 emergency telephone system. The system is financed by user fees assessed on customers' telephone service. Expenditures for this system are paid from this fund. Phase two of the emergency 911 program is underway. Phase two consists of the wireless portion of E-911. The expected completion date of this project is January, 2005.

Adult Protective Services Fund

This fund is used to account for the revenues and related expenditures of the Adult Protective Services Grant.

The following funds are nonmajor funds:

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The individual agency funds used by the Sheriff for the year ended June 30, 2004 are as follows:

Civil Fund – To account for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

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

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Installment Fines Fund - To account for the collection of fines paid on an installment basis as authorized by the court.

Bonds and Fines Fund - To account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Prison Inmate Fund - To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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."

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Sheriff.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

The accounting treatment for building, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to fixed assets. The Sheriff's threshold for capitalization is \$5,000.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Employees of the Sheriff's office earn from 96 hours to 120 hours per calendar year of vacation leave depending on total years of service and number of hours worked. No vacation leave carryover is allowed. Full-time employees earn 96 hours per year of sick leave. Sick leave may be accumulated; however, if an employee resigns, retires, or is terminated, the accumulated sick leave is forfeited.

At June 30, 2004, there are no accumulated or vested benefits relating to vacation and sick leave that require disclosure to conform with generally accepted accounting principles.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Sheriff has no restricted net assets.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

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

E. Budget and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief financial officer prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Sheriff as an extension of formal budgetary integration in the funds.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004 are recorded as prepaid items. The prepaid item that existed at June 30, 2004 was prepaid insurance.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(2) Change in Accounting Principle

For the year ended June 30, 2004, the Sheriff has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Sheriff’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of “net assets” as follows:

Total fund balance- Governmental Funds - at June 30, 2003	\$ 2,775,578
Add: Cost of capital assets at June 30, 2003	7,134,907
Less: Accumulated depreciation at June 30, 2003	(2,467,803)
Less: Debt outstanding at June 30, 2003	<u>(35,175)</u>
 Net assets at June 30, 2003	 <u>\$ 7,407,507</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$4,082,054 of which \$1,680,913 is attributable to fiduciary funds, which is not presented in the statement of net assets.

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 bank. 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. Deposit balances (bank balances) at June 30, 2004, are secured as follows:

Bank balances	<u>\$4,560,684</u>
Federal deposit insurance	\$ 694,598
Pledged securities (category 3)	<u>3,866,086</u>
 Total secured deposits	 <u>\$4,560,684</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Sheriff's name. Even though the pledged securities are considered uncollateralized (Category 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.

(4) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the taxing bodies in June and are actually billed to the taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Martin Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2004, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.91 mills on property with assessed valuations totaling \$119,917,520.

Total law enforcement taxes levied during 2004 were \$2,147,725.

The Sheriff received ad valorem taxes that were paid under protest. It is possible that these taxes (or a portion thereof) will have to be returned to the taxpayer. The amount received of \$89,012 is reflected as a restricted asset. The estimated amount that may have to be refunded is \$44,500 and is reflected as deferred revenue on the balance sheet at June 30, 2004.

(5) Due From Other Governmental Units and Others

Amounts due from other governmental units at June 30, 2004, consist of the following:

Federal grants	\$ 32,578
Maintenance of prisoners	357,995
State and parish contracts	54,576
Video poker revenue	131,803
Sales tax revenue	194,305
Court attendance, civil fees, bond fees, etc.	2,943
Other sources	<u>44,499</u>
	<u>\$ 818,699</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(6) Capital Assets

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

	<u>Balance</u> <u>07/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/04</u>
Governmental activities:				
Land	\$ 692,990	\$ -	\$ -	\$ 692,990
Buildings and improvements	3,222,512	19,244	-	3,241,756
Equipment and vehicles	<u>3,219,404</u>	<u>134,564</u>	<u>(306,929)</u>	<u>3,047,039</u>
Totals	<u>7,134,906</u>	<u>153,808</u>	<u>(306,929)</u>	<u>6,981,785</u>
Less accumulated depreciation				
Buildings and improvements	(467,579)	(87,507)	-	(555,086)
Equipment and vehicles	<u>(2,000,225)</u>	<u>(379,925)</u>	<u>275,643</u>	<u>(2,104,507)</u>
Total accumulated depreciation	<u>(2,467,804)</u>	<u>(467,432)</u>	<u>275,643</u>	<u>(2,659,593)</u>
Governmental activities, capital assets, net	<u>\$ 4,667,102</u>	<u>\$ (313,624)</u>	<u>\$ (31,286)</u>	<u>\$ 4,322,192</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(7) Operating Lease Commitments

The Sheriff is obligated under operating lease agreements for five copiers, a radio tower, and a mail machine. The lease on the first copier was entered into in February, 2003 for an initial term of four years with monthly payments of \$102. The second copier lease was entered into in July, 2001 for an initial term of five years with monthly payments of \$984. The lease on the third copier was entered into in March, 2002 for an initial term of four years with monthly payments of \$662. The fourth copier lease was entered into in May, 2002 for an initial term of four years with monthly payments of \$187. The final copier lease was entered into in July, 2002 for an initial term of three years with monthly payments of \$217. The radio tower agreement commenced in April of 1995. This lease automatically renews each year at an annual amount of \$4,269. The lease on the mail machine was entered into in September 2002 for an initial term of 2 years with payments of \$1,785 made quarterly. Rental expense for the years ended June 30, 2004 and 2003, are \$41,500 and \$38,804, respectively. The lease payments for the remaining years are as follows:

<u>Year ending</u> <u>June 30</u>	
2005	\$ 31,873
2006	20,200
2007	<u>717</u>
Total	<u>\$ 52,790</u>

(8) Pension Plan

Plan Description: The St. Martin Parish Sheriff contributes to the Sheriff's Pension and Relief Fund, a cost-sharing multiple employer defined benefit pension plan administered by the Sheriff's Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to sheriff and deputy sheriff members throughout the State of Louisiana. The Sheriff's Pension and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Sheriff's Pension and Relief Fund, P.O. Box 3163, Monroe, LA 71210-3136.

Funding Policy: Plan members are required to contribute 9.8% of their annual covered salary and the St. Martin Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.25% of annual covered payroll. The contribution requirements of plan members and the St. Martin Parish Sheriff are estimated and may be amended by the Sheriff's Pension and Relief Fund. The St. Martin Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2004, 2003 and 2002 were \$950,538, \$828,847, and \$724,894, respectively.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(9) Postretirement Health Care and Life Insurance Benefits

The Sheriff provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Sheriff's employees become eligible for those benefits if they reach normal retirement age while working for the Sheriff, and they have at least fifteen (15) years of service. At present, ten employees are eligible to receive these benefits. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Sheriff. The Sheriff's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the years ended June 30, 2004 and 2003, the costs of retiree benefits approximated \$39,173 and \$42,001, respectively.

(10) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to taxing bodies and others and due to prisoners follows:

	Civil Fund	Tax Collector Fund	Installment Fines Fund	Bonds and Fines Fund	Prison Inmate Fund
Balances, June 30, 2003	\$ 6.380	\$ 729,142	\$ 236,098	\$ 428,016	\$ 22,935
Additions	624,478	14,661,017	272,794	2,162,597	307,964
Reductions	<u>(564,100)</u>	<u>(14,693,152)</u>	<u>(187,885)</u>	<u>(2,021,689)</u>	<u>(303,682)</u>
Balances, June 30, 2004	<u>\$ 66,758</u>	<u>\$ 697,007</u>	<u>\$ 321,007</u>	<u>\$ 568,924</u>	<u>\$ 27,217</u>

(11) Contingencies

- A. During the year ended June 30, 2003, a situation was encountered regarding unnegotiated checks. This situation was still pending as well at June 30, 2004. The outcome of the incidence is uncertain and therefore, no liability has been recorded in the financial statements.
- B. The Sheriff is a defendant in various lawsuits. On all cases, management is of the opinion that there is only a remote chance of the Sheriff suffering monetary loss.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(12) Expenditures of the Sheriff's Office Paid by the Parish Council

The cost of maintaining and operating the Sheriff's office building, as required by statute, is paid by the St. Martin Parish Government. These expenditures are not included in the accompanying financial statements.

(13) Risk Management

The Sheriff is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(14) Interfund Transactions

Interfund receivables and payables consisted of the following at June 30, 2004:

	Receivables	Payables
Major Funds:		
Governmental Funds:		
General Fund	\$ 173,687	\$ -
911 Communications District		82,963
Adult Protective Services	-	90,724
Total	\$ 173,687	\$ 173,687

Several months of operating expenses had not yet been reimbursed at year-end, causing the balances noted above. These reimbursements are expected to be made within the next fiscal year.

(15) Subsequent Events

A. Bond Issuance

On July 26, 2004, the Sheriff issued \$1,000,000 of general obligation bonds, which are secured by and payable solely from a pledge and dedication of the excess of annual revenues of the Sheriff above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding. The bonds are payable in annual installments ranging from \$125,000 to \$160,000 beginning on July 1, 2005. Interest is payable semiannually at 3.65%, beginning on January 1, 2005. The bonds will mature in July, 2011.

The bond proceeds will be used for the purpose of constructing, improving and renovating law enforcement buildings and other facilities and acquiring equipment and furnishings.

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

B. Lease Agreement

On July 1, 2004, the Sheriff entered into an agreement to lease three Chevrolet Impalas. The lease term is three years with a monthly payment of \$1,715.

**REQUIRED
SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,800,000	\$ 3,890,000	\$ 3,967,127	\$ 77,127
Intergovernmental	1,661,000	1,539,800	1,691,415	151,615
Fees, charges, and commissions for services	4,357,020	4,797,817	4,966,035	168,218
Interest Income	23,100	19,700	21,343	1,643
Miscellaneous	<u>573,600</u>	<u>651,550</u>	<u>223,224</u>	<u>(428,326)</u>
Total revenues	<u>10,414,720</u>	<u>10,898,867</u>	<u>10,869,144</u>	<u>(29,723)</u>
Expenditures:				
Current:				
Public safety:				
Personal services and related benefits	6,450,050	6,847,511	6,592,296	255,215
Operating services	1,635,500	1,745,246	1,511,105	234,141
Operations and maintenance	2,539,393	2,536,049	2,430,602	105,447
Debt service	71,500	-	35,765	(35,765)
Capital outlay	<u>515,000</u>	<u>211,485</u>	<u>153,808</u>	<u>57,677</u>
Total expenditures	<u>11,211,443</u>	<u>11,340,291</u>	<u>10,723,576</u>	<u>616,715</u>
Excess (deficiency) of revenues over expenditures	(796,723)	(441,424)	145,568	586,992
Fund balance, beginning	<u>2,432,533</u>	<u>2,432,533</u>	<u>2,432,533</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,635,810</u>	<u>\$ 1,991,109</u>	<u>\$ 2,578,101</u>	<u>\$ 586,992</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Taxes:				
Ad valorem	\$ 2,000,000	\$ 2,000,000	\$ 2,015,311	\$ 15,311
Sales tax	1,800,000	1,890,000	1,951,816	61,816
Total taxes	<u>3,800,000</u>	<u>3,890,000</u>	<u>3,967,127</u>	<u>77,127</u>
Intergovernmental:				
Federal grants	504,500	232,100	272,233	40,133
State of Louisiana -				
State grants	-	-	23,220	23,220
Revenue sharing	106,500	106,700	106,704	4
Video poker	650,000	800,000	884,149	84,149
Supplemental pay	400,000	401,000	405,109	4,109
Total intergovernmental	<u>1,661,000</u>	<u>1,539,800</u>	<u>1,691,415</u>	<u>151,615</u>
Fees, charges, and commissions for services				
Taxes and licenses	50,000	54,900	75,664	20,764
Civil and criminal fees	350,000	488,500	525,925	37,425
Court attendance	10,000	10,000	12,954	2,954
Feeding and keeping prisoners	3,417,000	3,707,000	3,820,437	113,437
State and parish contracts	372,020	371,817	359,317	(12,500)
Commissary sales	28,000	35,600	35,600	-
Telephone commissions	130,000	130,000	136,138	6,138
Total fees, charges, and commissions for services	<u>4,357,020</u>	<u>4,797,817</u>	<u>4,966,035</u>	<u>168,218</u>
Interest income	23,100	19,700	21,343	1,643
Miscellaneous	573,600	651,550	223,224	(428,326)
Total revenues	<u>\$ 10,414,720</u>	<u>\$10,898,867</u>	<u>\$10,869,144</u>	<u>\$ (29,723)</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Current:				
Public Safety				
Personal services and related benefits:				
Sheriff's salary	\$ 77,000	\$ 97,780	\$ 97,780	\$ -
Deputies' salaries	5,345,500	5,471,368	5,266,988	204,380
Other salaries	-	22,224	22,224	-
Pension and payroll taxes	859,000	1,126,561	1,092,087	34,474
Sheriff's expense allowance	7,700	11,778	11,778	-
Other related benefits	160,850	117,800	101,439	16,361
Total personnel service and related benefits	6,450,050	6,847,511	6,592,296	255,215
Operating services:				
Hospitalization insurance	1,149,000	1,149,000	1,002,156	146,844
Auto insurance	162,500	137,275	106,512	30,763
Other liability insurance	324,000	458,971	402,437	56,534
Total operating services	1,635,500	1,745,246	1,511,105	234,141
Operations and maintenance				
Auto fuel and oil	210,000	219,000	199,719	19,281
Auto maintenance	125,000	153,555	161,127	(7,572)
Deputy uniforms, supplies, etc.	31,000	126,000	133,101	(7,101)
Training	80,000	80,000	44,990	35,010
Office supplies and expenses	300,500	196,850	357,312	(160,462)
Telephone and utilities	300,200	368,900	338,743	30,157
Radio	15,000	15,000	14,581	419
Prisoner feeding and maintenance	754,000	888,250	810,807	77,443
Legal and professional fees	144,800	159,800	107,230	52,570
Criminal investigation expense	15,000	10,000	14,332	(4,332)
Leases and rents	46,600	35,700	41,500	(5,800)
Commissary expense	-	-	1,941	(1,941)
Other	517,293	282,994	205,219	77,775
Total operations and maintenance	2,539,393	2,536,049	2,430,602	105,447

(continued)

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt service:				
Principal payments	67,713	-	35,175	(35,175)
Interest	<u>3,787</u>	<u>-</u>	<u>590</u>	<u>(590)</u>
Total debt service	<u>71,500</u>	<u>-</u>	<u>35,765</u>	<u>(35,765)</u>
Capital outlay:				
Autos	200,000	105,000	100,230	4,770
Other equipment	<u>315,000</u>	<u>106,485</u>	<u>53,578</u>	<u>52,907</u>
Total capital outlay	<u>515,000</u>	<u>211,485</u>	<u>153,808</u>	<u>57,677</u>
 Total expenditures	 <u>\$ 11,211,443</u>	 <u>\$ 11,340,291</u>	 <u>\$ 10,723,576</u>	 <u>\$ 616,715</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
Special Revenue Fund - 911 Communications District

Budgetary Comparison Schedule
For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenue				
Fees, charges, and commissions for services				
911 fees	\$ 433,740	\$ 433,740	\$ 418,695	\$ (15,045)
Interest income	<u>4,389</u>	<u>4,389</u>	<u>4,383</u>	<u>(6)</u>
Total revenues	<u>438,129</u>	<u>438,129</u>	<u>423,078</u>	<u>(15,051)</u>
Expenditures				
Current:				
Public Safety				
Personal services and related benefits:				
Salaries	192,841	192,841	193,351	(510)
Pension and payroll taxes	<u>35,779</u>	<u>35,779</u>	<u>34,286</u>	<u>1,493</u>
Total personnel service and related benefits	<u>228,620</u>	<u>228,620</u>	<u>227,637</u>	<u>983</u>
Operating services:				
Hospitalization insurance	36,850	36,850	39,203	(2,353)
Other liability insurance	<u>6,646</u>	<u>6,646</u>	<u>7,005</u>	<u>(359)</u>
Total operating services	<u>43,496</u>	<u>43,496</u>	<u>46,208</u>	<u>(2,712)</u>
Operations and maintenance:				
Office supplies and expense	14,513	14,513	12,846	1,667
E-911 implement	87,955	87,955	79,876	8,079
Other	<u>-</u>	<u>-</u>	<u>736</u>	<u>(736)</u>
Total operating services	<u>102,468</u>	<u>102,468</u>	<u>93,458</u>	<u>9,010</u>
Capital outlay	<u>110,800</u>	<u>110,800</u>	<u>-</u>	<u>110,800</u>
Total expenditures	<u>485,384</u>	<u>485,384</u>	<u>367,303</u>	<u>118,081</u>
Excess (deficiency) of revenues over expenditures	(47,255)	(47,255)	55,775	103,030
Fund balance, beginning	<u>343,045</u>	<u>343,045</u>	<u>343,045</u>	<u>-</u>
Fund balance, ending	<u>\$ 295,790</u>	<u>\$ 295,790</u>	<u>\$ 398,820</u>	<u>\$ 103,030</u>

ST. MARTIN PARISH SHERIFF
St. Martinville, Louisiana
Special Revenue Fund - Adult Protective Services Grant

Budgetary Comparison Schedule
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Intergovernmental revenue				
Adult protective services grant	\$ 187,382	\$ 187,382	\$ 187,382	\$ -
Expenditures				
Current:				
Public Safety				
Personal services and related benefits:				
Salaries	102,350	101,772	102,350	(578)
Pension and payroll taxes	21,750	21,259	21,750	(491)
Other	14,367	24,687	14,367	10,320
Total personnel service and related benefits	<u>138,467</u>	<u>147,718</u>	<u>138,467</u>	<u>9,251</u>
Operating services:				
Hospitalization insurance	15,273	15,282	15,272	10
Other liability insurance	3,351	5,220	3,351	1,869
Total operating services	<u>18,624</u>	<u>20,502</u>	<u>18,623</u>	<u>1,879</u>
Operations and maintenance:				
Office supplies and expense	19,349	1,721	19,349	(17,628)
Telephone	8,873	12,841	8,874	3,967
Other	2,069	600	2,069	(1,469)
Total operating services	<u>30,291</u>	<u>15,162</u>	<u>30,292</u>	<u>(15,130)</u>
Capital outlay	-	4,000	-	4,000
Total expenditures	<u>187,382</u>	<u>187,382</u>	<u>187,382</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

**COMPLIANCE
AND
INTERNAL CONTROL**

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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

The Honorable Ronald J. Theriot
St. Martin Parish Sheriff
St. Martinville, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2004, which collectively comprise the Sheriff's basic financial and have issued our report thereon dated November 4, 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 St. Martin 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as item 04-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Martin 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the St. Martin Parish Sheriff's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted are described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as items 04-2, 04-3 and 04-4.

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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described as item 04-4 to be a material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to management of the St. Martin Parish Sheriff in a separate letter dated November 4, 2004.

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

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 4, 2004

St. Martin Parish Sheriff
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings, and
Management's Corrective Action Plan
Year Ended June 30, 2004

Prior Year Findings

Compliance

03-1 Noncompliance with Louisiana Fiscal Agency and Cash Management Laws

Finding:

The St. Martin Parish Sheriff did not comply with Louisiana Revised Statute (LA-R.S.) 39:1225. This statute states that the amount of funds on deposit with financial institutions must, at all times, be one hundred percent secured. The Sheriff had inadequate security at one financial institution at June 30, 2003 in the amount of approximately \$135,000.

Status: Resolved.

03-2 Noncompliance with Reporting Requirements

Finding:

Reports required by Louisiana Revised Statutes 42:283 through 42:286 were not filed timely. Reports should have been filed by July 31, 2003 but were not filed until October 2003.

Status: Unresolved. See item 04-1.

03-3 Noncompliance with Public Bid Law

Finding:

The bid documentation on two vehicle purchases was inconsistent (the bid predated the first advertisement date.) Upon investigation into this matter, it was learned that the Sheriff's office negotiated the purchase with the vendor prior to advertising for bids.

Status: Resolved.

(continued)

St. Martin Parish Sheriff
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings, and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2004

Internal Control Over Financial Reporting

03-4 Inadequate Documents for Certain Payroll Transactions

Finding:

While performing procedures related to a payroll allegation forwarded to us by the Legislative Auditor's office, it was noted that inadequate documentation was maintained on five (5) part-time employees. It appears that these employees did perform duties/services in exchange for their compensation; however, there was inadequate documentation (ex: timesheets/timecards were not maintained, W-4 forms were either outdated or nonexistent, etc.) to support these expenditures.

Status: Resolved.

03-5 Fixed Asst Procedures

Finding:

Discrepancies were noted between the fixed asset listing and the insurance company listing (related to vehicles). These two lists should be reconciled at least annually and adjustments should be made as necessary.

Status: Unresolved. See item 04-2.

03-6 Purchasing Procedures

Finding:

There were several exceptions noted regarding the use of purchase orders. The internal purchasing policy is not being consistently followed.

Status: Unresolved. See item 04-3.

03-7 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Sheriff did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 04-4.

(continued)

St. Martin Parish Sheriff
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings, and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2004

Management Letter Items

03-8 Unnegotiated checks

Finding:

During the audit, we counted and reconciled the cash drawers maintained by the tax department. During this process, we noted several unnegotiated checks in one of the drawers. The total amount was approximately \$900, and most of these items were dated between 1994 and 1998.

Status: Unresolved. See item 04-5.

Current Year Findings

Compliance Findings

04-1 Noncompliance with Reporting Requirements

Finding:

Reports required by Louisiana Revised Statutes 42:283 through 42:286 were not filed timely. Reports should have been filed by July 31, 2004 but were not filed as of the date of this report.

Management's Corrective Action Plan:

During the transition of Chief Financial Officers, these statutes were not disclosed; therefore, the report was not filed due to lack of knowledge. The report was filed on December 6, 2004. The report for the fiscal year ending June 30, 2005 will be filed timely.

Sheriff Ronald J. Theriot is responsible for the implementation of this plan, and this plan should be completed by June 30, 2005.

Internal Control Over Financial Reporting

04-2 Fixed Asset Procedures

Finding:

Discrepancies were noted between the fixed asset listing and the insurance company listing (related to vehicles). These two lists should be reconciled at least annually and adjustments should be made as necessary.

(continued)

St. Martin Parish Sheriff
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings, and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2004

Management's Corrective Action Plan:

The asset listing will periodically be reconciled to a current insurance company listing.

Sheriff Ronald J. Theriot is responsible for the implementation of this plan, and this plan should be completed by June 30, 2005.

04-3 Purchasing Procedures

Finding:

There were several exceptions noted regarding the use of purchase orders. The internal purchasing policy is not being consistently followed.

Management's Corrective Plan:

A new policy has been implemented which requires that all purchases be processed through the purchase order system with the exception of administrative recurring charges, such as utilities, insurance, etc. This policy will be closely monitored by the Chief Business Administrative Officer and Accounts Payable Clerk.

Sheriff Ronald J. Theriot is responsible for the implementation of this plan, and this plan should be completed by June 30, 2005.

04-4 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Sheriff did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan:

The technical changes proposed for the latter part of the fiscal year ending June 30, 2005 will increase the staff's productivity by streamlining manual and redundant functions. The Chief Financial Officer and the Chief Business Administrative Officer are working towards new procedures that will segregate as many functions as possible with the existing limited staff.

Sheriff Ronald J. Theriot is responsible for the implementation of this plan, and this plan should be completed by June 30, 2005.

(continued)

St. Martin Parish Sheriff
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings, and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2004

Management Letter Items

04-5 Unnegotiated checks

Finding:

During the audit for the year ended June 30, 2003, we counted and reconciled the cash drawers maintained by the tax department. During this process, we noted several unnegotiated checks in one of the drawers. The total amount was approximately \$900, and most of these items were dated between 1994 and 1998. At June 30, 2004, this matter was still unresolved.

Management's Corrective Action Plan:

There will be a complete investigation of this issue, which will result in appropriate disciplinary action.

Sheriff Ronald J. Theriot is responsible for the implementation of this plan, and this plan should be completed by June 30, 2005.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

The Honorable Ronald J. Theriot
St. Martin Parish Sheriff
St. Martinville, Louisiana

During our audit of the financial statements of the St. Martin Parish Sheriff as of and for the year ended June 30, 2004 we noted a certain situation (described below) that we believe represents a weakness in internal control.

During the audit for the year ended June 30, 2003, we counted and reconciled the cash drawers maintained by the tax department. During this process, we noted several unnegotiated checks in one of the drawers. The total amount was approximately \$900, and most of these items were dated between 1994 and 1998. As of June 30, 2004 this matter remained unresolved.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance in resolving this issue, please contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breux Bridge, Louisiana
November 4, 2004

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