

**ST. MARY PARISH SHERIFF**

Franklin, 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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(A Corporation of Certified Public Accountants)

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## INDEPENDENT AUDITOR'S REPORT

The Honorable David A. Naquin  
St. Mary Parish Sheriff  
Franklin, Louisiana

We have audited the accompanying financial statements of the St. Mary Parish Sheriff, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of St. Mary Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The St. Mary 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; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of July 1, 2003. This results in a change in the format and content of the financial statements.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004, on our consideration of the St. Mary Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information is not a required part of the financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. However, management did not include this information in the financial statements for the fiscal year ended June 30, 2004.

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

*Dannall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
November 19, 2004

**FINANCIAL SECTION**

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Statement of Net Assets  
June 30, 2004

ASSETS

Cash and cash equivalents	\$ 1,072,144
Investments	895,512
Receivables:	
Due from other governmental units	658,003
Other receivables	65,329
Interest	7,593
Inventory	12,349
Capital assets, net of accumulated depreciation	<u>757,416</u>
Total assets	<u>\$ 3,468,346</u>

LIABILITIES

Accounts, salaries, and other payables	\$ 618,609
Due to taxing bodies and others	10,430
Deferred revenues	11,595
Long-term liabilities:	
Due within one year	18,122
Due after one year	<u>248,938</u>
Total liabilities	<u>907,694</u>

NET ASSETS

Invested in capital assets	757,416
Restricted for Law Enforcement Sub-Dist No. 1	154,176
Unrestricted	<u>1,649,060</u>
Total net assets	<u>\$ 2,560,652</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Statement of Activities  
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Public safety	\$ 9,327,180	\$ 2,927,471	\$ 511,822	\$ 36,878	\$ (5,851,009)
Total governmental activities	<u>9,327,180</u>	<u>2,927,471</u>	<u>511,822</u>	<u>36,878</u>	<u>(5,851,009)</u>
General Revenues:					
Ad valorem taxes					2,845,474
Sales taxes					1,721,121
Unrestricted state grants					180,376
Other intergovernmental					489,436
Interest income					16,019
Miscellaneous					<u>20,871</u>
Total general revenues					<u>5,273,297</u>
Change in net assets					(577,712)
Net assets -- beginning					<u>3,138,364</u>
Net assets -- end					<u>\$ 2,560,652</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Balance Sheet – Governmental Funds  
Year Ended June 30, 2004

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,072,144	\$ -	\$ 1,072,144
Investments	895,512	-	895,512
Receivables:			
Due from other governmental units	494,837	163,166	658,003
Due from others	51,998	13,331	65,329
Due from other funds	-	15,320	15,320
Interest	7,593	-	7,593
Inventory, at cost	-	12,349	12,349
Total assets	\$ 2,522,084	\$ 204,166	\$ 2,726,250
 <b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities:			
Accounts, salaries and other payables	414,443	204,166	618,609
Due to taxing bodies and others	10,430	-	10,430
Due to other funds	15,320	-	15,320
Deferred revenue	11,595	-	11,595
Total liabilities	451,788	204,166	655,954
Fund equity:			
Reserved for Law Enforcement			
Sub-District No. 1	154,176	-	154,176
Unreserved	1,916,120	-	1,916,120
Total fund equity	2,070,296	-	2,070,296
Total liabilities and fund equity	\$ 2,522,084	\$ 204,166	\$ 2,726,250

The accompanying notes are an integral part of this statement.



ST. MARY PARISH SHERIFF  
Franklin, Louisiana

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

Total fund balances - governmental funds	S	2,070,296
Amounts reported for governmental activities in the statement of net assets are different because:		
Cost of capital assets at June 30, 2004		2,419,896
Less: Accumulated depreciation as of June 30, 2004:		
Equipment		(737,620)
Furniture		(51,764)
Vehicles, boats, and trailers		(849,013)
Buildings and improvements		<u>(24,083)</u>
		757,416
Elimination of interfund assets and liabilities		
Due from other funds		(15,320)
Due to other funds		<u>15,320</u>
		-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Long-term liabilities at June 30, 2004:		
Workman's compensation		(100,203)
Compensated absences payable		<u>(166,857)</u>
		<u>(267,060)</u>
Total net assets - governmental activities	S	<u>2,560,652</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

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

	General	Special Revenue	Total
Revenues:			
Ad valorem taxes	\$ 2,845,474	\$ -	\$ 2,845,474
Sales tax	1,721,121	-	1,721,121
Intergovernmental revenues -			
Federal grants	83,214	-	83,214
State grants	38,868	33,000	71,868
Parish grants	2,903	-	2,903
State revenue sharing	180,376	-	180,376
State supplemental pay	258,566	95,271	353,837
Salary supplemental pay	237,404	61,176	298,580
Video poker	314,436	-	314,436
Indian gaming	175,000	-	175,000
Fees, charges, and commissions for service -			
Civil and criminal fees	337,905	3,544	341,449
Court attendance	18,428	-	18,428
Transporting of prisoners	-	35,401	35,401
Feeding and keeping of prisoners	-	1,709,196	1,709,196
Fines and forfeitures	257,644	-	257,644
Commissary sales	-	169,432	169,432
Other	8,324	89,017	97,341
Investment income	16,019	-	16,019
Miscellaneous	<u>52,423</u>	<u>5,326</u>	<u>57,749</u>
	<u>6,548,105</u>	<u>2,201,363</u>	<u>8,749,468</u>
Expenditures:			
Public safety:			
Personnel and related benefits	4,313,631	2,051,063	6,364,694
Operating services	537,397	810,236	1,347,633
Materials and supplies	479,453	880,704	1,360,157
Debt service	3,232	-	3,232
Capital outlay	<u>353,473</u>	<u>5,302</u>	<u>358,775</u>
	<u>5,687,186</u>	<u>3,747,305</u>	<u>9,434,491</u>
Excess (deficiency) of revenues over expenditures	860,919	(1,545,942)	(685,023)

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes  
In Fund Balances – Governmental Funds (Continued)  
Year Ended June 30, 2004

	General	Special Revenue	Total
Other financing sources (uses):			
Operating transfers in	-	1,525,633	1,525,633
Operating transfers out	<u>(1,525,633)</u>	<u>-</u>	<u>(1,525,633)</u>
Total other financing sources (uses)	<u>(1,525,633)</u>	<u>1,525,633</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expen- ditures and other financing uses	(664,714)	(20,309)	(685,023)
Fund balance, beginning of year	<u>2,735,010</u>	<u>20,309</u>	<u>2,755,319</u>
Fund balance, end of year	<u>\$ 2,070,296</u>	<u>\$ -</u>	<u>\$ 2,070,296</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities

Year Ended June 30, 2004

Total net changes in fund balance - governmental funds	\$ (685,023)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period	120,981
Payments of compensated absences and the workman's compensation liability are expenditures in the governmental funds, but these payments reduce long-term liabilities in the statement of net assets.	<u>(13,670)</u>
Change in Net Assets - Governmental Activities	<u>\$ (577,712)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Statement of Fiduciary Net Assets  
June 30, 2004

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	1,831,578
Investments, at fair value	<u>1,607,438</u>
Total assets	<u>\$ 3,439,016</u>
<b>LIABILITIES</b>	
Due to taxing bodies, prisoners and others	<u>3,439,016</u>
Total liabilities	<u>\$ 3,439,016</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Budgetary Comparison Schedule - General Fund  
Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,800,000	\$ 2,840,000	\$ 2,845,474	\$ 5,474
Sales tax	1,550,000	1,680,000	1,721,121	41,121
<b>Intergovernmental revenues -</b>				
Federal grants	45,000	81,900	83,214	1,314
State grants	28,500	40,987	38,868	(2,119)
Parish grants	-	-	2,903	2,903
State revenue sharing	180,000	180,376	180,376	-
State supplemental pay	240,000	256,000	258,566	2,566
Salary supplemental pay	200,000	236,500	237,404	904
Video poker	275,000	300,800	314,436	13,636
Indian gaming	175,000	175,000	175,000	-
<b>Fees, charges, and commissions for service -</b>				
Civil and criminal fees	325,000	309,335	337,905	28,570
Court attendance	14,000	17,965	18,428	463
Fines and forfeitures	175,000	215,000	257,644	42,644
Investment income	30,000	8,000	16,019	8,019
Miscellaneous	10,000	28,000	60,747	32,747
Total revenues	<u>6,047,500</u>	<u>6,369,863</u>	<u>6,548,105</u>	<u>178,242</u>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Personnel and related benefits	4,029,700	4,426,305	4,313,631	112,674
Operating services	288,000	262,775	537,397	(274,622)
Materials and supplies	504,500	569,225	479,453	89,772
Debt service	3,232	3,232	3,232	-
Capital outlay	150,000	297,550	353,473	(55,923)
	<u>4,975,432</u>	<u>5,559,087</u>	<u>5,687,186</u>	<u>(128,099)</u>
Excess of revenues over expenditures	1,072,068	810,776	860,919	50,143

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund (Continued)  
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Other financing uses:				
Operating transfers out	(1,525,633)	(1,525,633)	(1,525,633)	-
Deficiency of revenues over expenditures and other financing uses	(453,565)	(714,857)	(664,714)	50,143
Fund balance, beginning of year	2,735,010	2,735,010	2,735,010	-
Fund balance, end of year	<u>\$ 2,281,445</u>	<u>\$ 2,020,153</u>	<u>\$ 2,070,296</u>	<u>\$ 50,143</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Budgetary Comparison Schedule – Special Revenue Fund  
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Intergovernmental revenues -				
State grants	-	-	33,000	33,000
State supplemental pay	88,000	95,150	95,271	121
Salary supplemental pay	82,500	90,350	61,176	(29,174)
Fees, charges, and commissions for service -				
Civil and criminal fees	10,000	-	3,544	3,544
Transporting of prisoners	18,000	25,500	35,401	9,901
Feeding and keeping of prisoners	1,675,000	1,700,000	1,709,196	9,196
Investment income	200	130	-	(130)
Miscellaneous	<u>240,000</u>	<u>268,600</u>	<u>263,775</u>	<u>(4,825)</u>
Total revenues	<u>2,113,700</u>	<u>2,179,730</u>	<u>2,201,363</u>	<u>21,633</u>
<b>Expenditures:</b>				
Public safety:				
Personnel and related benefits	1,955,000	2,262,750	2,051,063	211,687
Operating services	660,500	728,000	810,236	(82,236)
Materials and supplies	765,250	915,475	880,704	34,771
Debt service	-	-	-	-
Capital outlay	<u>32,500</u>	<u>1,800</u>	<u>5,302</u>	<u>(3,502)</u>
	<u>3,413,250</u>	<u>3,908,025</u>	<u>3,747,305</u>	<u>160,720</u>
Deficiency of revenues over expenditures	(1,299,550)	(1,728,295)	(1,545,942)	182,353
<b>Other financing sources:</b>				
Operating transfers in	<u>1,525,633</u>	<u>1,525,633</u>	<u>1,525,633</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expen- ditures	226,083	(202,662)	(20,309)	182,353
Fund balance, beginning of year	<u>20,309</u>	<u>20,309</u>	<u>20,309</u>	<u>-</u>
Fund balance, end of year	<u>\$ 246,392</u>	<u>\$ (182,353)</u>	<u>\$ -</u>	<u>\$ 182,353</u>

The accompanying notes are an integral part of this statement.



ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The accounting and reporting policies of the St. Mary Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517, the industry audit guide, *Audits of State and Local Governmental Units*, and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, 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, 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 Sheriff.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the St. Mary Parish Sheriff. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (a) fees and charges paid by the recipients of services offered by the St. Mary Parish Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales and use tax revenues are recognized in the period in which the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the taxpayers. Other major revenues that are considered susceptible to accrual include sales and use taxes, earned grant revenues, intergovernmental revenues, and interest on investments.

The government reports the following 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 and sales tax collections. Other sources of revenue include state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance. General operating expenditures are paid from this fund.

**Special Revenue Fund**--The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund accounts for the revenues and expenditures related to the Law Enforcement Center. The Law Enforcement Center's primary source of revenue is fees for the feeding and keeping of prisoners.

Fiduciary Funds - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, inmate monies, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, inmates, 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.

Capital Assets

All capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5-10 Years
Furniture	5 Years
Vehicles, boats, and trailers	5 Years
Buildings and improvements	20 - 40 Years

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Financing Sources

In the fund financial statements capital assets acquired through capital lease agreements are recognized as other financing sources and capital outlay expenditures at the time of acquisition. Proceeds from long-term loans are recognized as other financing sources when received.

Deferred Revenues

Deferred revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

Budget and Budgetary Accounting

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

1. The chief civil deputy 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 budgeted and as finally amended by the Sheriff. Amendments are subject to public notification and a public hearing before adoption. Such amendments were not material in relation to the original appropriations.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

Inventory

Commissary inventory is stated at cost (first-in, first-out basis).

Vacation and Sick Leave

Employees of the Sheriff's office earn two weeks of vacation leave per year. Vacation leave is non-cumulative. One-half day of sick leave is earned each month. Unused sick days are carried over and accumulated up to 60 days total. Sick leave is not compensable if an employee leaves the service of the St. Mary Parish Sheriff.

Use of Estimates

The Sheriff uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and savings accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest bearing demand deposits, savings accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected. At June 30, 2004, the Sheriff has cash and cash equivalents (book balances) totaling \$2,903,722 as follows:

Demand deposits	\$ 1,592,400
Time and savings accounts	1,311,322
Total	<u>\$ 2,903,722</u>

NOTE 3 INVESTMENTS

Investments of the Sheriff are limited by Louisiana Revised Statute 33:2955. If the original maturity of the investments exceeds 90 days, they are classified as investments; however, if the

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 3 INVESTMENTS (CONTINUED)

original maturities are 90 days or less, they are classified as cash equivalents. The carrying amount/fair market value of investments are summarized as follows:

	Interest Rate	Market Value/ Carrying Amount
General Fund:		
Certificates of Deposit	Various	\$ 2,107,473
Federal Home Loan Bank	5.000%	97,188
Federal Home Loan Mortgage Corporation	4.250%	99,447
Federal Home Loan Mortgage Corporation	4.000%	99,368
Federal Home Loan Mortgage Corporation	4.000%	99,474
		<u>\$ 2,502,950</u>

NOTE 4 CONCENTRATION OF CUSTODIAL CREDIT RISK FOR CASH DEPOSITS AND INVESTMENTS

Under state law, all funds deposited in a bank must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties (Category 3). Deposit balances (bank balances) at June 30, 2004 were fully secured as follows:

Bank balances	<u>\$ 5,149,002</u>
Federal deposit insurance	\$ 505,425
Pledged securities (category 3)	<u>9,120,516</u>
Total	<u>9,625,941</u>
 Excess of federal insurance and pledged securities over bank balances	 <u>\$ 4,476,939</u>

Even though the pledged securities are considered uncollateralized (Category 3), Louisiana R.S. 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.

The Sheriff's investments in bonds guaranteed by the United States Government are subject to Category 1 custodial credit risk because they are held by the Sheriff's agent in the name of the Sheriff.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 5 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 each year. Taxes are levied by the parish government in June and are actually billed to the taxpayers by the Sheriff in November. 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. Mary Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions.

For the year ended June 30, 2004, law enforcement district taxes applicable to the Sheriff's General Fund, were levied at the rate of 9.85 mills on property.

On May 5, 2001, the voters of Law Enforcement Sub-District No. 1 of St. Mary Parish approved a proposition to instate a 12.00 mills tax on all property subject to taxation in said district in lieu of the previous 8.00 mills tax, beginning with the year 2002 and ending with the year 2005.

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

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

Federal grants	\$ 28,134
Parish governments	410,395
State grants	<u>219,474</u>
Total	<u>\$ 658,003</u>

NOTE 7 ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2004, consists of the following:

	General Fund	Special Revenue Fund
Accounts payable	\$ 147,912	\$ 156,995
Accrued salaries and related benefits	175,131	47,171
Hospitalization insurance claims payable	<u>91,400</u>	<u>-</u>
Total accounts, salaries, and other payables	<u>\$ 414,443</u>	<u>\$ 204,166</u>

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 8 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004 are as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>Capital assets being depreciated:</b>				
Equipment	\$ 809,720	\$ 61,878	\$ -	\$ 871,598
Furniture	46,847	36,878	-	83,725
Vehicles, boats and trailers	1,074,467	189,917	-	1,264,384
Buildings and improvements	<u>200,188</u>	<u>-</u>	<u>-</u>	<u>200,188</u>
Total capital assets being depreciated	<u>2,131,222</u>	<u>288,673</u>	<u>-</u>	<u>2,419,895</u>
<b>Less accumulated depreciation for:</b>				
Equipment	(652,197)	(85,422)	-	(737,619)
Furniture	(43,724)	(8,040)	-	(51,764)
Vehicles, boats and trailers	(710,646)	(138,367)	-	(849,013)
Buildings and improvements	<u>(18,118)</u>	<u>(5,965)</u>	<u>-</u>	<u>(24,083)</u>
Total accumulated depreciation	<u>(1,424,685)</u>	<u>(237,794)</u>	<u>-</u>	<u>(1,662,479)</u>
Capital assets, net	<u>\$ 706,537</u>	<u>\$ 50,879</u>	<u>\$ -</u>	<u>\$ 757,416</u>

Depreciation expense of \$237,794 for the year ended June 30, 2004 was charged to the public safety function.



ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLANS

Substantially all employees of the Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund ("System"), a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by a separate board of trustees.

Plan members are required to contribute 9.8% of their annual covered salary to the system while the Sheriff is required to contribute at the statutory rate of 9.25% of the total annual covered salary. The Sheriff's contributions to the system for the years ended June 30, 2004, 2003 and 2002 were \$425,394, \$327,777 and \$307,248, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806.

NOTE 10 CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of the long-term debt transactions during the year:

	Balance at July 1, 2003	Additions	Reductions	Balance at June 30, 2004	Due Within One Year
Compensated absences	\$ 153,187	\$ 173,643	\$ 159,973	\$ 166,857	\$ 14,890
Workman's compensation	<u>103,435</u>	<u>-</u>	<u>3,232</u>	<u>100,203</u>	<u>3,232</u>
Total	<u>\$ 256,622</u>	<u>\$ 173,643</u>	<u>\$ 163,205</u>	<u>\$ 267,060</u>	<u>\$ 18,122</u>

On May 31, 1984, the Supreme Court of the State of Louisiana ruled that the St. Mary Parish Sheriff and the State of Louisiana were liable for the payment of death benefits under the Workmen's Compensation Act. Effective July 1, 1984, the widow and children of a deputy sheriff killed in the line of duty were entitled to \$148 per week until such time as one or more of the minor children reach the age of eighteen (twenty-one if enrolled as a full-time student) and/or such time as the widow dies or remarries. The Sheriff's liability (84 percent) is \$538.72 per month.

On January 1, 1995, both children were 18 or older and did not enroll in college; therefore, the monthly payments of \$538.72 were cut in half per R.S. 23:1232. The new monthly payments of \$269.36 began January 1995. The Sheriff's liability at June 30, 2004 is \$100,203. This amount was computed using a "Period Life Table" issued by the Social Security Administration.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 10 CHANGES IN GENERAL LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity for the Worker's Compensation Judgment Payable as of June 30, 2004 are as follows. There is no interest associated with this liability.

<u>Year Ending June 30.</u>	<u>Principal</u>
2005	\$ 3,232
2006	3,232
2007	3,232
2008	3,232
2009	3,232
2010-2014	16,162
2015-2019	16,162
2020-2024	16,162
2025-2029	16,162
2030-2034	16,162
2035	<u>3,233</u>
	<u>\$ 100,203</u>

NOTE 11 DEDICATIONS OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

On October 18, 1997, the citizens of St. Mary Parish passed a ½% sales and use tax. Fifty percent of the proceeds are remitted to the Sheriff for law enforcement purposes in St. Mary Parish, including employment of deputies, training, salaries, benefits, and the purchase of equipment and automobiles. The Sheriff accounts for the proceeds in the General Fund. The other 50% of the proceeds are remitted to the Parish and the municipalities of the Parish on a per capita basis for any lawful law enforcement purpose described in the proposition.

NOTE 12 RESERVATION OF FUND BALANCE

Property in Law Enforcement Sub-District No. 1 is subject to a tax millage through the year 2005. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No. 1. Unexpended amounts at June 30, 2004 have been reserved in the General Fund for that purpose.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 13 CHANGES IN AGENCY FUND BALANCES

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

	Balance at July 1, 2003	Additions	Reductions	Balance at June 30, 2004
Sheriff's Fund	\$ 40,067	\$ 1,282,536	\$ 1,211,673	\$ 110,930
Bond Fund	468,700	1,452,643	1,575,591	345,752
Inmate Deposit Fund	11,117	248,131	245,001	14,247
Tax Collector Fund	<u>2,987,385</u>	<u>30,341,598</u>	<u>30,360,896</u>	<u>2,968,087</u>
Total	<u>\$ 3,507,269</u>	<u>\$ 33,324,908</u>	<u>\$ 33,393,161</u>	<u>\$ 3,439,016</u>

NOTE 14 DISTRIBUTION OF STATE REVENUE SHARING FUNDS

The revenue sharing funds provided by Act 1038 of 1999 received during the year by the Tax Collector Agency Fund were allocated among the taxing bodies as follows:

Atchafalaya Basin Levee District	\$ 3,054
St. Mary Parish:	
Council	96,567
Library	53,963
School Board	388,620
Hospital Districts	95,295
Waterworks Districts	26,118
Drainage Districts	101,642
Harbor and Terminal Districts	71,283
Sheriff	180,375
Assessment District	53,968
Pension Funds	<u>35,640</u>
Total	<u>\$ 1,106,525</u>

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 15 UNSETTLED BALANCES OF THE TAX COLLECTOR FUND

The unsettled cash balance at June 30, 2004, of \$2,968,087 consists of the following:

Ad valorem taxes	\$ 12,251
Protest taxes	2,610,314
Parish licenses	36,028
Interest earned on deposits and delinquent taxes	4,903
Interest earned on protest taxes	303,021
Tax notices, costs, etc.	<u>1,570</u>
	<u>\$ 2,968,087</u>

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2004, include \$2,610,314 of taxes paid under protest plus interest earned to date on the investment of these funds totaling \$303,021. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

NOTE 16 LITIGATION AND CLAIMS

At June 30, 2004, the Sheriff is involved in several lawsuits claiming damages. In the opinion of the Sheriff's legal counsel, the only exposure to the Sheriff would be any costs in defense of the lawsuits with no liability to the Sheriff in excess of insurance coverage.

NOTE 17 CONTINGENT LIABILITIES

On January 13, 1999, the Sheriff entered into an intergovernmental agreement with the Parish of St. Mary, Louisiana, related to the Parish jail facilities. Under the agreement, the Parish constructed and equipped a new jail facility (the Law Enforcement Center) and renovated, improved, and equipped the existing jail facilities. The Sheriff is responsible for the management and operation of the jail facilities.

The agreement assigns to the Parish, for the security and payment of bonds issued to pay the costs of the jail facilities, the greater of \$7 per day per Department of Public Safety and Corrections prisoner housed or 31.9% of the Sheriff's prisoner revenue received for the housing of D.O.C. prisoners and federal prisoners less the costs of providing medical care, feeding, clothing, and transporting such prisoners and costs incurred in connection with the salaries and benefits of personnel in excess of \$600,000 annually.

Based on the agreement, the Sheriff's payments to the Parish for the year ended June 30, 2004, totaled \$482,433.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 18 EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

The Sheriff's office is located in a building owned by the Parish Council. Expenditures for operation and maintenance of the parish jail and building, as required by state statute, are paid by the St. Mary Parish Council and are not included in the accompanying financial statements.

NOTE 19 SELF-INSURANCE FUND

The Sheriff has established a limited risk management program for group health insurance. The Sheriff hired Total Benefit Services, Inc. as administrator for this program. During the fiscal year 2004, a total of \$1,241,363 was incurred in claims and administrative costs. The Sheriff purchased specific stop-loss commercial insurance for individual claims incurred in excess of \$30,000. Incurred but not paid claims of \$91,400 have been accrued as a liability in the General Fund. The unpaid claims liability was estimated based upon the following: (1) claims incurred but not paid as of June 30, 2004, as per a report from the administrator of claims remitted through September 3, 2004, and (2) additional claims incurred but not paid as of June 30, 2004, not remitted to the administrator as of September 4, 2004, but expected to be paid. The accrual of other incremental costs that may be incurred related to these claims is immaterial and therefore excluded.

Incurred but not paid claims, July 1, 2003	\$ 99,957
Claims incurred	830,429
Claims paid	(814,447)
Claims over specific stop-loss deductible	<u>(24,539)</u>
Incurred but not paid claims, June 30, 2004	<u>\$ 91,400</u>

NOTE 20 INTERFUND TRANSFERS

Transfers funded from current revenues during the year ended June 30, 2004 consisted of:

	Transfers	
	In	Out
General Fund:		
Special Revenue Funds	\$ -	\$ 1,525,633
Special Revenue Funds:		
General Fund	<u>1,525,633</u>	<u>-</u>
Total interfund transfers	<u>\$ 1,525,633</u>	<u>\$ 1,525,633</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Notes to Financial Statements

NOTE 21 INTERFUND RECEIVABLES, PAYABLES

	Interfund Receivables	Interfund Payables
General Fund:		
Special Revenue Funds	\$ -	\$ 15,320
Special Revenue Funds:		
General Fund	15,320	-
Total interfund receivables/payables	\$ 15,320	\$ 15,320

Due to/from general fund represents costs paid from the general fund bank account on behalf of individual funds that do not have checking accounts. These receivables and payables reverse in the normal course of operations. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

**SUPPLEMENTAL INFORMATION**

**SCHEDULES OF INDIVIDUAL FUNDS**



## FIDUCIARY FUND TYPE - AGENCY FUNDS

- Sheriff's Fund - The Sheriff's Fund accounts 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.
- Bond Fund - The Bond Fund accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.
- Inmate Deposit Fund - The Inmate Deposit Fund accounts for the receipts and disbursements made from the individual prison inmate accounts.
- 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 accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

ST. MARY PARISH SHERIFF  
 Franklin, Louisiana  
*Fiduciary Fund Type Agency Funds*

Combining Balance Sheet  
 June 30, 2004

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Tax Collector Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 110,930	\$ 345,752	\$ 14,247	\$ 1,360,649	\$ 1,831,578
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,607,438</u>	<u>1,607,438</u>
Total assets	<u>\$ 110,930</u>	<u>\$ 345,752</u>	<u>\$ 14,247</u>	<u>\$ 2,968,087</u>	<u>\$ 3,439,016</u>
<b>LIABILITIES</b>					
Due to taxing bodies, prisoners and others	<u>\$ 110,930</u>	<u>\$ 345,752</u>	<u>\$ 14,247</u>	<u>\$ 2,968,087</u>	<u>\$ 3,439,016</u>

ST. MARY PARISH SHERIFF  
Franklin, Louisiana  
Fiduciary Fund Type -- Agency Funds

Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2004

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Tax Collector Fund	Total
Balances, beginning of year	\$ 40,067	\$ 468,700	\$ 11,117	\$ 2,987,385	\$ 3,507,269
Additions:					
Deposits -					
Sheriff's sales	921,747	-	-	-	921,747
Bonds	-	1,452,643	-	-	1,452,643
Garnishments	360,789	-	-	-	360,789
Inmate deposits	-	-	248,132	-	248,132
Taxes, fees, etc., paid to					
Tax Collector	-	-	-	30,243,958	30,243,958
Interest	-	-	-	97,640	97,640
Total additions	<u>1,282,536</u>	<u>1,452,643</u>	<u>248,132</u>	<u>30,341,598</u>	<u>33,324,909</u>
Total	<u>1,322,603</u>	<u>1,921,343</u>	<u>259,249</u>	<u>33,328,983</u>	<u>36,832,178</u>
Reductions:					
Taxes, fees, etc., distributed					
to taxing bodies and others	-	-	-	30,360,896	30,360,896
Deposits settled to -					
Sheriff's General Fund	126,097	215,373	-	-	341,470
St. Mary Parish Council	-	94,938	-	-	94,938
District Attorney	-	782,022	-	-	782,022
St. Mary Parish Clerk of Court	39,242	49,809	-	-	89,051
St. Mary Parish Coroner	-	26,098	-	-	26,098
Indigent Defender Board	-	203,943	-	-	203,943
Acadiana Crime Lab	-	54,829	-	-	54,829
Injury Trust Fund	-	16,565	-	-	16,565
Municipal Police Departments	-	40,863	-	-	40,863
Litigants	936,676	42,507	-	-	979,183
Other settlements	109,658	48,644	-	-	158,302
Inmates	-	-	245,002	-	245,002
Total reductions	<u>1,211,673</u>	<u>1,575,591</u>	<u>245,002</u>	<u>30,360,896</u>	<u>33,393,162</u>
Balances, end of year	<u>\$ 110,930</u>	<u>\$ 345,752</u>	<u>\$ 14,247</u>	<u>\$ 2,968,087</u>	<u>\$ 3,439,016</u>

ST. MARY PARISH SHERIFF  
Franklin, Louisiana  
Tax Collector Agency Fund

Statement of Collections, Distributions, and Unsettled Balances  
Year Ended June 30, 2004

Unsettled balances, July 1, 2003	\$	2,987,385
Collections:		
Ad valorem taxes		28,757,349
State revenue sharing		1,106,525
Parish occupational licenses		344,295
Interest on:		
Delinquent taxes		28,557
Deposit of taxes, licenses, etc.		45,701
Deposit of taxes paid under protest		23,382
Tax notices, etc.		35,789
Total collections		30,341,598
Total		33,328,983
Distributions:		
Atchafalaya Basin Levee District		56,103
Timberland Fire District		5,521
Louisiana Tax Commission		5,578
St. Mary Parish:		
Council		2,076,548
Library		1,585,967
School Board		11,526,407
Drainage Districts		2,747,122
Waterworks Districts		990,957
Waterworks and Sewer Districts		964,953
Hospital Districts		1,789,434
Recreation Districts		1,400,857
Fire Protection Districts		605,029
Sewerage Districts		510,045
Harbor and Terminal Districts		1,138,360
Nuisance Abatement		20,867
Mosquito Control District No. 1		59,991
Sheriff		3,150,085
Assessment District		870,047
Refunds and redemptions		8,986
Pension Funds		848,039
Total distributions		30,360,896
Unsettled balances, June 30, 2004, due to taxing bodies and others	\$	2,968,087

**INTERNAL CONTROL, COMPLIANCE,  
AND  
OTHER INFORMATION**



**Darnall, Sikes  
& Frederick**

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihan, CPA Deceased 2002

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Barbara Ann Watts, CPA  
Adam J. Curry, CPA

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 David A. Naquin  
St. Mary Parish Sheriff  
Franklin, Louisiana

We have audited the financial statements of the St. Mary Parish Sheriff, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 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. Mary 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary 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. Mary Parish Sheriff's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-1 and 2004-2.

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 conditions described above to be material weaknesses.

This report is intended solely for the information and use of the management of the organization and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 2:4513, this report is distributed by the Legislative Auditor as a public document.

*Dannall, Sikes & Frederick*  
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
November 19, 2004

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2004

2003-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2004-1.

2003-2 Finding: Bond Fund, Due to Others Subsidiary Should be Reconciled to the Cash Balance

Status: This finding is unresolved. See current year finding 2004-2.



ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the St. Mary Parish Sheriff's financial statements as of and for the year ended June 30, 2004.

Reportable Conditions – Financial Reporting

Two reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 2004-1 and 2004-2 in Part 2 and are considered material weaknesses.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2004.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2004-1 Inadequate Segregation of Accounting Functions

Finding:

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

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2004-2 Bond Fund, Due to Others Subsidiary Should be Reconciled to the Cash Balance

Finding:

The Due to Others Subsidiary of the Bond Fund does not reconcile with the ending cash balance.

Recommendation:

Reconcile the Due to Others Subsidiary of the Bond Fund to the cash balance on a monthly basis.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2004

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2004, the St. Mary Parish Sheriff did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

ST. MARY PARISH SHERIFF  
Franklin, Louisiana

Management's Corrective Action Plan For Current Year Findings  
Year Ended June 30, 2004

Response to Finding 2004-1:

No response is considered necessary.

Response to Finding 2004-2:

The Bond Fund Due to Others Subsidiary is currently in the process of being reconciled to the cash balance. The Subsidiary will eventually be reconciled on a monthly basis.