



ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

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

Audit of Financial Statements
and
Management Discussion and Analysis (Unaudited)

June 30, 2004

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2004

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**ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2004**

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LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **ST. TAMMANY 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. TAMMANY PARISH SHERIFF**. Our responsibility is to express opinions on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **ST. TAMMANY PARISH SHERIFF**, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

The Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison schedules on pages 41 through 43 are not a required part of the basic financial statements but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying combining and individual fund statements and schedules and the schedule of expenditures of federal awards, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are not a required part of the basic financial statements of the **ST. TAMMANY PARISH SHERIFF**. 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.



A Professional Accounting Corporation

November 19, 2004

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

Management's Discussion and Analysis
June 30, 2004

As required by GASB Statement No.34, the St. Tammany Parish Sheriff's Office hereby presents the Management's Discussion and Analysis, which contains a narrative overview and analysis of the financial activities of the Sheriff for the year-end June 30, 2004. This document will be based upon "currently known facts", decisions, or conditions that management is aware of as of the date of the auditor's report.

FINANCIAL HIGHLIGHTS

- The net assets of the Sheriff exceeded its liabilities at the close of fiscal year 2004 by \$12,204,206.
- The revenues of the Sheriff increased by \$4,304,518 or 12% over last year's revenues.
- The Sheriff's governmental funds reported a total ending fund balance of \$10,411,582. This compares to the prior year ending fund balance of \$9,321,423 showing an 11% increase during the current fiscal year.

Overall, the Sheriff continues to maintain a strong financial position. The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This audit report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and the required supplementary information. These two types of financial statements present the Sheriff's financial position and results of operations from differing perspectives. The two types of financial statements are as follows:

- Government-Wide Financial Statements
- Fund Financial Statements

Also included in this report are Fiduciary fund statements. These statements provide information about the financial relationships in which the Sheriff acts solely as a trustee or agent for the benefit of others. The financial statements also include notes that explain some of the data in the statements in a more detailed format.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The annual report of the Sheriff includes two government-wide financial statements (GWFS). These statements provide both long-term and short-term information about the overall financial status of the Sheriff. GASB Statement No. 34 has modified governmental financial reporting by implementing a model that uses accounting methods similar to private-sector companies. The basis of accounting used is accrual accounting. The two GWFS are as follows:

- **Statement of Net Assets:** (page 10) This statement presents information on all of the Sheriff's assets and liabilities with the difference between the two reported as net assets. Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff is improving or deteriorating.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

Management's Discussion and Analysis
June 30, 2004

- **Statement of Activities:** (page 11) This statement presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present governmental-type activities of the Sheriff that are principally supported by a Law Enforcement property tax millage, a ¼ cent Law Enforcement District Sales Tax, and an additional ¼ cent Sales Tax dedicated to Jail expansion and operation. The sole purpose of these governmental activities is public safety.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Fund financial statements focus on the major funds of the Sheriff, which include the General Fund and Jail Sales Tax Special Revenue Fund, rather than the overall financial status of the Sheriff.

The Sheriff has three types of funds:

1. *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
2. *Internal Service Funds* - These funds are used to report activities that provide services for the other programs and activities such as the Risk Management Self-Insurance Fund.
3. *Fiduciary Funds* - These funds are used to report taxes, fines, and fees collected for other taxing bodies located in our parish, deposits pending court action, and the individual prison inmate accounts. All of the fiduciary activities of the Sheriff are reported by using a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the government-wide statements because the Sheriff cannot use these assets to finance its operations. The basic agency fund financial statements are presented on page 23.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on 25 of this report.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

Management's Discussion and Analysis
June 30, 2004

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

As shown on the Statement of Net Assets, the Sheriff has \$2,574,893 invested in capital assets, net of related debt. These capital assets include items such as buildings, vehicles, furniture, fixtures, and equipment. A condensed version of the government-wide Statement of Net Assets is presented as follows:

	<u>FY 2003</u>	<u>FY 2004</u>
ASSETS		
Current Assets	\$ 10,694,071	\$ 11,812,528
Capital Assets (net of accumulated depreciation)	<u>10,715,830</u>	<u>7,225,287</u>
Total Assets	<u>21,409,901</u>	<u>19,037,815</u>
LIABILITIES		
Current Liabilities	3,491,419	3,229,100
Long-term Liabilities Outstanding	<u>4,650,394</u>	<u>3,604,509</u>
Total Liabilities	<u>8,141,813</u>	<u>6,833,609</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	4,754,783	2,574,893
Unrestricted	<u>8,513,305</u>	<u>9,629,313</u>
Total Net Assets	<u>\$ 13,268,088</u>	<u>\$ 12,204,206</u>

The amount invested in capital assets, net of related debt, represents 21% of total net assets. The second component of net assets is the unrestricted portion. The Sheriff has \$9,629,313 in unrestricted net assets. These assets are not restricted to a particular program or purpose and are therefore available to the Sheriff to expend on current services and pay creditors.

The current ratio is a tool used to assess the ability of the Sheriff to pay or meet short-term obligations. The current ratio is equal to current assets divided by current liabilities.

$$\text{Current Ratio (Sheriff)} = \frac{\text{Current Assets } \$11,812,528}{\text{Current Liabilities } \$ 3,229,100} = 3.65$$

Therefore, the current ratio for the year ended June 30, 2004 is 3.65 to 1.

The Sheriff's current ratio basically remained unchanged since the prior fiscal year ending June 30, 2003 when the ratio was 3.7 to 1. Therefore, the Sheriff continues to maintain its' strong ability to meet short-term obligations.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

Management's Discussion and Analysis
June 30, 2004

An important consideration for the Sheriff to determine is whether the net assets of his governmental activities are adequate to meet the cash flow needs of his department. To do this, the Sheriff focuses on the unrestricted portion of his net assets and on the month-to-month cash flow of his governmental activities to determine when his cash and investment balances are at their lowest levels of the year. December is normally the period when these balances are at their lowest levels because of the timing of the receipt of ad valorem tax revenue. Cash and investment balances of the governmental activities totaled \$7,386,640 at June 30, 2004. These same accounts had balances of \$1,417,236 at December 31, 2003. The December balances of cash and investments represent only approximately 12 days of the average monthly operating expenses for the governmental activities, which total \$3,450,000.

GOVERNMENTAL REVENUES

The operations of the Sheriff are supported primarily by property and sales taxes. The percentage of the Sheriff's total revenue from various sources for the years ended June 30, 2003 and 2004 are described as follows:

<u>Revenues % of Operations</u>	<u>FY 2003</u>	<u>FY 2004</u>
Property and Sales Taxes	60%	58%
Fees, Charges, and Commissions	27%	30%
Federal and State Funds	8%	7%
Interest Earnings and Other Revenues	5%	5%

GOVERNMENTAL EXPENSES

The majority of the expenditures of the Sheriff are for the purpose of public safety. The public safety expenditures include amounts related to the Sheriff serving as Ex-Officio Tax Collector for St. Tammany Parish. Overall expenses increased by 6% over fiscal year 2003 totals. The depreciation expense for fiscal year 2004 totaled \$4,467,790. This amount is reported in the Note G contained in the Notes to the Financial Statements.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - This fund serves as the primary operating fund. Overall this fund has held a consistent fund balance of over \$7.7 million since June 30, 2001. We believe this demonstrates the financial stability of the Sheriff. During fiscal year 2004 the fund balance of the General Fund increased by \$739,089 and decreased by \$8,918 in fiscal year 2003. The Sheriff's Office intended to purchase 15 police vehicles with this increase, however the vendor was unable to deliver the vehicles within the constraints of our current fiscal year process and closeout. These vehicles were subsequently purchased during the fiscal year ending June 30, 2005.

We consider our fund balance to be adequate, as it represents the equivalent of 31% of our total expenses.

JAIL SALES TAX SPECIAL REVENUE FUND - The Sheriff maintains this fund to account for the ¼ cent sales tax passed in April of 1998 to expand current Jail facilities and to support the ongoing operation and maintenance of those facilities. As noted on the fund financial statements (page 15), this dedicated tax was not

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

Management's Discussion and Analysis
June 30, 2004

sufficient for these purposes. Overall, Jail Fund revenues increased by 8.7%, whereas expenses increased by 19%. Over half of this increase occurred in personnel services. This fund incurred a \$193,796 addition to its prior year fund balance.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation as of June 30, 2004 was \$7,225,287. During the year ended June 30, 2004, depreciation exceeded capital asset additions resulting in a decrease in net capital assets of \$3,499,543.

LONG-TERM DEBT

Long-term debt decreased by 19% during the current year. This was strictly due to the repayment of outstanding bond issues. Also, the Sheriff's Office made a conscious business decision not to issue any new long-term debt instruments during fiscal year 2004.

BUDGETARY HIGHLIGHTS

On June 5, 2004, the Sheriff amended the original budget for fiscal year 2004. The amendment was caused by the following changes in revenues and expenses:

- The Sheriff realized a 5% and an 9% increase in Ad Valorem and Sales taxes respectively as compared to the original budget.
- The Sheriff's Office was able to realize a 13% increase in revenues while only sustaining a 6% increase in expenditures as compared to the advertised budget.
- The Sheriff's Office began the implementation of several software systems during this current year. These include electronic imaging for records retention, Business Licenses, and Property Tax collections. Each of these projects will be completed during the upcoming fiscal year ending June 30, 2005. These systems will allow for our centralized business offices to become more efficient and thereby provide some future personnel cost savings.
- The Sheriff's Office was able to secure and maintain current employee benefits (i.e. Hospitalization, Dental, Life, & Disability) with no premium increases.

The Special Revenue Fund budget was amended as well. This fund experienced an 8% increase in revenues over the original amounts. This increase was specifically tied to sales tax revenues. The expenses of this fund were 15% higher than the original amounts. This increase was associated with the following items:

- Increases in medical costs of prisoners
- Increases in food costs and utilities
- Increase in risk management & general liability insurances

NEXT YEAR'S BUDGET

The 2005 General Fund revenues total \$27.7 million, a decrease of 10 percent over the final 2004 budget of \$30.6 million. A decision was made to have each fund stand independently with no operating transfers in or out for all fiscal years beginning with June 30, 2005. Therefore, by reclassifying revenues and expenses that

**ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana**

**Management's Discussion and Analysis
June 30, 2004**

were normally reported in the General Fund it has caused this decrease noted above. Budgeted expenses are expected to increase only 1% to \$27.7 million. The Sheriff has added no major new programs or initiatives to the 2005 budget. Also during the 2005 budget year the Sheriff's Office will be analyzing the cost-benefits of programs and services in an attempt to better streamline our agency efforts and support our core purpose of Public Safety.

The 2005 Jail Sales Tax Special Revenue fund budgeted revenues total \$12.7 million. Budget expenses are expected to rise 20% to \$12.7 million. These increases are associated with the anticipation of higher prisoner counts and the full responsibility of the medical cost of prisoners along with a standard 2.5% cost-of-living raise given to the employees.

If these estimates are realized, the overall financial stability of the Sheriff will be maintained for the close of fiscal year 2005.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the St. Tammany Parish Sheriff's Office finances. It is also used to demonstrate the Sheriff's accountability for the funds it receives. If you have any questions regarding this report or need additional financial information, please contact the Director of Finance, St. Tammany Parish Sheriff's Office, P.O. Box 1229, Slidell, LA 70459-1229.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

STATEMENT OF NET ASSETS
June 30, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 6,889,491
Investments	497,149
Receivables	4,233,782
Inventories	9,896
Prepaid Items	182,210
Capital Assets (Net of Accumulated Depreciation)	<u>7,225,287</u>
Total Assets	<u>19,037,815</u>
LIABILITIES	
Accounts Payable	1,013,904
Accrued Liabilities	482,929
Unearned Revenue	18,083
Due to Agency Funds	4,534
Compensated Absences	663,765
Certificates of Indebtedness Payable	
Due Within One Year	610,000
Due in More Than One Year	3,210,000
Capital Leases	
Due Within One Year	435,885
Due in More Than One Year	<u>394,509</u>
Total Liabilities	<u>6,833,609</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	2,574,893
Unrestricted	<u>9,629,313</u>
Total Net Assets	<u>\$ 12,204,206</u>

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

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES					
Public Safety	\$ 41,205,398	\$ 11,137,378	\$ 2,751,415	\$ 459,600	\$(26,857,005)
Interest on Long-Term Debt	<u>168,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,905)</u>
Total	<u>\$ 41,374,303</u>	<u>\$ 11,137,378</u>	<u>\$ 2,751,415</u>	<u>\$ 459,600</u>	<u>(27,025,910)</u>
General Revenues					
Taxes -					
Property Taxes, Levied for General Purposes					8,324,546
Sales and Use Taxes, Levied for General Purposes					15,130,374
State Revenue Sharing					406,115
Interest and Investment Earnings					120,471
Gain on Disposition of Capital Assets					93,801
Miscellaneous					<u>1,886,721</u>
Total General Revenues					<u>25,962,028</u>
CHANGE IN NET ASSETS					<u>(1,063,882)</u>
NET ASSETS - BEGINNING					<u>13,268,088</u>
NET ASSETS - ENDING					<u>\$ 12,204,206</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

MAJOR FUND DESCRIPTIONS
For the Year Ended June 30, 2004

General Fund

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

Jail Special Revenue Fund

The Jail Special Revenue Fund accounts for the proceeds of a 1/4 cent sales tax approved on January 17, 1998 for the expansion of the existing jail and to fund ongoing operations of the jail. The fund also transfers monies to the St. Tammany Parish Council for debt service on bonds issued by the Parish Council for construction of the jail.

Commissary Special Revenue Fund

The Commissary Special Revenue Fund accounts for the proceeds of sales of various goods to inmates of the parish jail. Expenditures of the fund are for purchases of goods and maintenance of the jail.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	<u>General Fund</u>	<u>Jail Special Revenue Fund</u>	<u>Commissary Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 6,200,772	\$ -	\$ 620,125	\$ 6,820,897
Investments	497,149	-	-	497,149
Receivables	2,773,429	1,460,353	-	4,233,782
Due from Other Funds	-	345	-	345
Prepaid Expenses	182,210	-	-	182,210
Inventory	9,896	-	-	9,896
TOTAL ASSETS	<u>\$ 9,663,456</u>	<u>\$ 1,460,698</u>	<u>\$ 620,125</u>	<u>\$ 11,744,279</u>
LIABILITIES				
Accounts Payable	\$ 489,833	\$ 298,121	\$ 38,852	\$ 826,806
Accrued Liabilities	482,929	-	-	482,929
Due to Fiduciary Funds	4,534	-	-	4,534
Due to Other Funds	345	-	-	345
Deferred Revenue	18,083	-	-	18,083
Total Liabilities	<u>995,724</u>	<u>298,121</u>	<u>38,852</u>	<u>1,332,697</u>
FUND BALANCES				
Unreserved - Undesignated	8,475,626	1,162,577	581,273	10,219,476
Reserve for Inventory and Prepaid Expenses	192,106	-	-	192,106
Total Fund Balances	<u>8,667,732</u>	<u>1,162,577</u>	<u>581,273</u>	<u>10,411,582</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,663,456</u>	<u>\$ 1,460,698</u>	<u>\$ 620,125</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, therefore, are not Reported in the Funds.	7,225,287
Internal Service Funds are used by Management to Charge Liability Claims and Related Expenses to Individual Funds and are Included in Governmental Activities in the Statement of Net Assets.	(118,504)
Long-Term Liabilities, including Certificates of Indebtedness, Capital Leases and Compensated Absences are not Due and Payable in the Current Period and, therefore, are not Reported in the Funds.	<u>(5,314,159)</u>
Net Assets of Governmental Activities	<u>\$ 12,204,206</u>

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

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2004

	General Fund	Jail Special Revenue Fund	Commissary Special Revenue Fund	Total Governmental Funds
REVENUES				
Ad Valorem Taxes	\$ 8,324,546	\$ -	\$ -	\$ 8,324,546
Sales Taxes	7,570,789	7,559,585	-	15,130,374
Intergovernmental Revenues				
Federal Grants	917,704	-	-	917,704
State Grants	62,953	-	-	62,953
State Revenue Sharing	406,115	-	-	406,115
State Supplemental Pay	1,048,764	267,808	-	1,316,572
Fees, Charges and Commissions for Services				
Commissions				
Sales Tax	1,687,989	-	-	1,687,989
Other	780,271	-	-	780,271
Civil Fees	1,923,575	-	-	1,923,575
Criminal Fees	813,101	-	-	813,101
Court Attendance	45,458	-	-	45,458
Feeding and Keeping Prisoners	5,226,659	266,667	-	5,493,326
Tax Research and Other Services	393,658	-	-	393,658
Salary Reimbursements	792,499	121,287	-	913,786
Interest Earnings	120,471	-	-	120,471
Other Revenues	1,291,648	11,962	583,111	1,886,721
Total Revenues	<u>31,406,200</u>	<u>8,227,309</u>	<u>583,111</u>	<u>40,216,620</u>
EXPENDITURES				
Public Safety				
Personnel Services	14,363,684	4,838,278	32,445	19,234,407
Payroll Benefits	4,184,480	1,370,796	8,226	5,563,502
Operating Expenditures	3,207,453	941,045	-	4,148,498
Professional Fees	1,161,974	57,151	-	1,219,125
Materials and Supplies	989,325	1,165,058	385,166	2,539,549
Travel and Education	267,340	55,982	-	323,322
Insurance	1,417,360	90,579	-	1,507,939
Medical Cost of Prisoners	-	667,108	-	667,108
Debt Service				
Transfer to St. Tammany Parish Council	-	1,560,008	-	1,560,008
Principal	1,310,652	-	-	1,310,652
Interest	168,905	-	-	168,905
Capital Outlays	994,785	1,000	-	995,785
Total Expenditures	<u>28,065,958</u>	<u>10,747,005</u>	<u>425,837</u>	<u>39,238,800</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,340,242	(2,519,696)	157,274	977,820
OTHER FINANCING SOURCES (USES)				
Transfers	(2,713,492)	2,713,492	-	-
Sale of Assets	112,339	-	-	112,339
Total Other Financing Sources (Uses)	<u>(2,601,153)</u>	<u>2,713,492</u>	<u>-</u>	<u>112,339</u>
CHANGE IN FUND BALANCES	739,089	193,796	157,274	1,090,159
FUND BALANCES AT BEGINNING OF YEAR	7,928,643	968,781	423,999	9,321,423
FUND BALANCES AT END OF YEAR	\$ 8,667,732	\$ 1,162,577	\$ 581,273	\$ 10,411,582

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

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, 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

Amounts reported for governmental activities in the Statement of Activities are different because:

Change In Fund Balances - Total Governmental Funds	\$ 1,090,159
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 depreciation exceeded capital outlays in the current period.	(3,472,005)
Net Book Value of Assets that were Disposed of during the Current Year	(18,538)
The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,310,653
Change in Compensated Absences.	(26,653)
Internal Service Funds are used to charge the costs of liability insurance to individual funds. This amount is the total change in net assets in the Internal Service Fund.	<u>52,502</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,063,882)</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUND**

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

PROPRIETARY FUND
For the Year Ended June 30, 2004

Risk Management

The Sheriff's proprietary fund accounts for the payment of liability claims and related expenses recovery basis.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

STATEMENT OF NET ASSETS
PROPRIETARY FUND - INTERNAL SERVICE FUND
June 30, 2004

ASSETS	
Cash and Cash Equivalents	\$ <u>68,594</u>
Total Assets	<u>68,594</u>
LIABILITIES	
Claims Payable	<u>187,098</u>
Total Liabilities	<u>187,098</u>
DEFICIT IN NET ASSETS	\$ <u>(118,504)</u>

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

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS -
PROPRIETARY FUND - INTERNAL SERVICE FUND
For the Year Ended June 30, 2004

OPERATING REVENUES	
General Fund Premiums	\$ 451,923
Reinsurance Proceeds	<u>24,063</u>
Total Operating Revenues	475,986
OPERATING EXPENSES	
Claims and Legal Fees	<u>423,484</u>
CHANGE IN NET ASSETS	52,502
DEFICIT IN NET ASSETS, BEGINNING	<u>(171,006)</u>
DEFICIT IN NET ASSETS, ENDING	<u>\$ (118,504)</u>

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

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - INTERNAL SERVICE FUND
Fiscal Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

General Fund Premiums	\$ 451,923
Reinsurance Proceeds Received	24,063
Claims and Legal Fees	<u>(239,223)</u>

Net Cash Provided by Operating Activities 236,763

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Advances Paid to Other Funds - Net	<u>(168,169)</u>
------------------------------------	------------------

Net Cash Used in Non-capital Financing Activities (168,169)

NET INCREASE IN CASH 68,594

CASH AT BEGINNING OF YEAR -

CASH AT END OF YEAR \$ 68,594

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Change in Net Assets	\$ 52,502
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Claims Payable	<u>184,261</u>

Net Cash Provided by Operating Activities \$ 236,763

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
FIDUCIARY FUND**

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and Interest-Bearing Deposits	\$ 15,094,936
Due from Others	1,330
Due from Other Funds	<u>4,534</u>
 Total Assets	 <u>\$ 15,100,800</u>
LIABILITIES	
Due to Taxing Bodies, Prisoners and Others	<u>\$ 15,100,800</u>
 Total Liabilities	 <u>\$ 15,100,800</u>

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

NOTES TO FINANCIAL STATEMENTS

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2004

NOTE A

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 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, investigations, and other law enforcement activities. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish, state or federal government.

As the Ex-Officio Tax Collector of the parish, the Sheriff is responsible for collecting and distributing *Ad Valorem* property taxes, parish occupational licenses, state revenue sharing funds, fines and costs, and bond forfeitures imposed by the district court. The Sheriff is also contracted to be the sole tax collector for the collection and distribution of sales taxes throughout the parish.

REPORTING ENTITY

For financial reporting purposes, the Sheriff includes all funds and account groups that are controlled by the Sheriff as an independently elected parish official. As an independently elected official, the Sheriff is solely responsible for the operations of his office. 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 that of the **ST. TAMMANY PARISH SHERIFF**.

BASIS OF PRESENTATION

The accompanying basic financial statements of the **ST. TAMMANY PARISH SHERIFF** have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Sheriff. For the most part, the effect of interfund activity has been removed from these statements.

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

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

Fund Financial Statements (FFS)

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into three categories: governmental, proprietary and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental funds:

The General Fund is the primary operating fund of the Sheriff. It accounts for all the financial resources except those that are required to be accounted for in other funds.

The Jail Special Revenue Fund accounts for the proceeds of a 1/4 cent sales tax approved on January 17, 1998, for the expansion of the existing jail and to fund ongoing operations of the jail. The fund also transfers monies to the St. Tammany Parish Council for debt service on bonds issued by the Parish Council for construction of an addition to the current jail.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

The Internal Service Fund of the Sheriff is a proprietary fund used to account for the payment of liability claims and related expenses. Resources to fund the self-insurance plan are recorded as revenues. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Accrued liabilities include provisions for claims reported but not yet paid as of the fiscal year-end.

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

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements 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.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGET PRACTICES

The proposed 2003-2004 budgets for the General Fund and Special Revenue Funds were made available for public inspection at the Sheriff's office on June 7, 2003. A public hearing was held at the Sheriff's office for suggestions and comments from the general public on June 17, 2003. The Sheriff legally adopted the proposed budget on the date of the public hearing. All appropriations lapse at year end. The budget, which includes proposed expenditures and the means of financing them, was published in the official journal prior to the public hearing.

The General and Special Revenue Fund budgets are prepared on a basis consistent with generally accepted accounting principles for governmental funds. Formal budget integration (within the accounting records) is used during the year as a management control device. The budget was amended on June 5, 2004, and was subsequently published in the official journal.

CASH AND INVESTMENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, 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. Deposits must be made in a bank domiciled or having branch offices in the parish where the funds are collected.

Investments are limited by R.S. 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 2004, the Sheriff's investments consisted of U.S. government agency bonds, which are reported at fair value based on published market prices in accordance with Governmental Accounting Standards Board No. 31.

INVENTORIES

Lab supply inventories are valued at cost, which approximates market. Cost is determined using the specific identification method. This is not considered to be a material departure from generally accepted accounting principles.

CAPITAL ASSETS

Capital assets are capitalized at historic cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing assets.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

Capital assets are recorded as expenditures in the governmental funds, and are recorded as assets in the government-wide Statement of Net Assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Computers	3-5
Office, Equipment, and Furniture	5
Vehicles	3-5
Radio System	10
Buildings and Improvements	30

COMPENSATED ABSENCES

Employees of the Sheriff earn from 10 to 20 days of vacation leave and 10 to 15 days of sick leave each year, depending on the length of their service. Vacation leave cannot be accumulated and should be used during the year it is earned. An employee may receive an extension of time to use vacation hours by applying to his department head. Sick leave can be accumulated up to a maximum of 480 hours. Upon termination, sick leave lapses. At June 30, 2004, the Statement of Net Assets includes a liability for compensated absences totaling \$663,765.

INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund, for expenditures it initially made that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

ESTIMATES

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

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE B

LEVIED TAXES

Property taxes for the Sheriff are levied each November 1 on the assessed value listed, as of the prior January 1, for generally all real property, business merchandise and business movable property located in the parish. Taxes are due and payable by December 31. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. An evaluation of all property is required to be completed no less than every four years. The last evaluation was completed for the 2000 tax roll.

The following is a summary of authorized and levied Ad Valorem taxes for the year:

	<u>Millage</u>	<u>Expiration Date</u>
1998 Law Enforcement District	4.89	2008
Constitutional Law Enforcement District	8.05	N/A

The 1998 millage was adopted for the purpose of general law enforcement support.

NOTE C

CASH AND CASH EQUIVALENTS

At June 30, 2004, the Sheriff has \$21,984,427 (book balance) in interest-bearing demand deposits as follows:

	<u>Government-Wide Statement of Net Assets</u>	<u>Fiduciary Funds Statement of Net Assets</u>	<u>Total</u>
Interest bearing deposits	<u>\$ 6,889,491</u>	<u>\$ 15,094,936</u>	<u>\$ 21,984,427</u>

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

At June 30, 2004, the Sheriff has \$23,556,019 deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$23,356,019 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE C
CASH AND CASH EQUIVALENTS (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 that the fiscal agent has failed to pay deposited funds upon demand.

NOTE D
RECEIVABLES

The receivables at June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Jail Special Revenue Fund</u>	<u>Governmental Activities Total</u>
Sales Taxes	\$ 1,315,900	\$ 1,315,901	\$ 2,631,801
Ad Valorem Taxes	283,370	-	283,370
Revenue Sharing	-	-	-
Salary Reimbursements	83,178	32,948	116,126
Federal Funds	76,153	-	76,153
Fees, Charges, and Commissions for Services			
Feeding, Keeping and Transporting			
Prisoners	445,271	104,166	549,437
Fines and Costs	39,737	-	39,737
Commissions	323,922	-	323,922
Other	<u>205,898</u>	<u>7,338</u>	<u>213,236</u>
Total	<u>\$ 2,773,429</u>	<u>\$ 1,460,353</u>	<u>\$ 4,233,782</u>

NOTE E
INTERFUND TRANSACTIONS

Individual balances due from/to other funds at June 30, 2004 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 345
Jail Special Revenue Fund	<u>345</u>	<u>-</u>
	<u>\$ 345</u>	<u>\$ 345</u>

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE E
INTERFUND TRANSACTIONS (Continued)

At June 30, 2004, the General Fund has balances due from/to agency funds as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 4,534
Fiduciary Funds		
Tax Collector		
Ad Valorem	1,506	-
Sales Tax	<u>3,028</u>	<u>-</u>
	<u>\$ 4,534</u>	<u>\$ 4,534</u>

During the year ended June 30, 2004, the following transfers were made between funds:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,713,492
Jail Special Revenue Fund	<u>2,713,492</u>	<u>-</u>
	<u>\$ 2,713,492</u>	<u>\$ 2,713,492</u>

NOTE F
INVESTMENTS

At June 30, 2004, the Sheriff owned United States Agency Securities. These investments are uninsured and unregistered, and held by the Sheriff's fiscal agent in the Sheriff's name (GASB Category 2). In accordance with Governmental Accounting Standards Board Statement No. 31, the investments are recorded at their fair value using published market quotes, which is \$497,149 as of June 30, 2004.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE G
CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated				
Buildings	\$ 1,833,789	\$ -	\$ -	\$ 1,833,789
Radio System	7,139,504	-	-	7,139,504
Vehicles, Computers, Equipment and Furniture	<u>14,053,779</u>	<u>995,785</u>	<u>(1,439,163)</u>	<u>13,610,401</u>
Total Capital Assets, Being Depreciated	<u>23,027,072</u>	<u>995,785</u>	<u>(1,439,163)</u>	<u>22,583,694</u>
Less Accumulated Depreciation for				
Buildings	(361,470)	(58,666)	-	(420,136)
Radio System	(1,980,124)	(1,290,263)	-	(3,270,387)
Vehicles, Computers, Equipment and Furniture	<u>(9,969,648)</u>	<u>(3,118,861)</u>	<u>1,420,625</u>	<u>(11,667,884)</u>
Total Accumulated Depreciation	<u>(12,311,242)</u>	<u>(4,467,790)</u>	<u>1,420,625</u>	<u>(15,358,407)</u>
Governmental Activities - Capital Assets - Net	<u>\$ 10,715,830</u>	<u>\$ (3,472,005)</u>	<u>\$ (18,538)</u>	<u>\$ 7,225,287</u>

Depreciation expense of \$4,467,790 was charged to governmental activities for the year ended June 30, 2004.

NOTE H
LEASES

OPERATING LEASES

The Sheriff is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Sheriff's account groups. Lease payments of \$234,798 were made during the year ended June 30, 2004. The following is a schedule of future minimum lease payments:

<u>June 30,</u>	<u>Amount</u>
2005	\$ 214,807
2006	155,791
2007	99,593
2008	93,000
2009	99,000
2010 - 2012	297,000
2013 - 2017	<u>525,000</u>
Total Future Minimum Lease Payments	<u>\$ 1,484,191</u>

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE H
LEASES (Continued)

CAPITAL LEASES

The Sheriff has entered into a lease agreement as lessee for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Vehicles and Equipment	\$ 1,304,266
Less: Accumulated Depreciation	<u>(543,444)</u>
Total	<u>\$ 760,822</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2005	\$ 450,888
2006	<u>413,312</u>
Total Minimum Lease Payments	864,200
Less: Amount Representing Interest	<u>(33,806)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 830,394</u>

NOTE I
LONG-TERM DEBT

At June 30, 2004, the Sheriff is obligated under the following agreements:

Certificate of Indebtedness payable to a bank dated November 21, 1996, principal payable in ten annual installments with interest to be paid semi-annually at a rate of 4.9%, secured by excess revenue of the Sheriff.	\$ 245,000
Certificate of Indebtedness payable to a bank dated March 29, 2001, with a \$200,000 participation by the Louisiana Public Facilities Authority, principal payable in nine annual installments with interest at a rate of 3.45%, secured by excess revenue of the Sheriff.	<u>3,575,000</u>
	<u>\$ 3,820,000</u>

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE I
LONG-TERM DEBT (Continued)

Total future principal and interest payments under the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 610,000	\$ 117,745	\$ 727,745
2006	630,000	96,150	726,150
2007	660,000	73,827	733,827
2008	605,000	52,569	657,569
2009	640,000	32,338	672,338
2010 to 2011	<u>675,000</u>	<u>10,969</u>	<u>685,969</u>
	<u>\$ 3,820,000</u>	<u>\$ 383,598</u>	<u>\$ 4,203,598</u>

NOTE J
CHANGES IN AGENCY FUND BALANCES

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

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Jail Agency and Work Release Fund</u>	<u>Fines and Cost Fund</u>	<u>Total</u>
Balance at July 1, 2003	\$ 1,547,375	\$ 10,567,819	\$ 377,416	\$ 510,816	\$ 13,003,426
Additions	12,060,499	271,316,829	4,540,557	4,232,526	292,150,411
Deductions	<u>(11,651,715)</u>	<u>(269,822,380)</u>	<u>(4,326,210)</u>	<u>(4,252,732)</u>	<u>(290,053,037)</u>
Balance at June 30, 2004	<u>\$ 1,956,159</u>	<u>\$ 12,062,268</u>	<u>\$ 591,763</u>	<u>\$ 490,610</u>	<u>\$ 15,100,800</u>

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

The Sheriff's office occupies various facilities owned by the parish. The cost of maintaining and operating these facilities, as required by Louisiana Revised Statute 33:4715, is paid by the St. Tammany Parish Council.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE L

PENSION PLAN

Substantially all employees of the **ST. TAMMANY PARISH SHERIFF** are members of the state individual retirement system known as the Sheriffs' Pension and Relief Fund ("System"), a multiple-employer (cost sharing), public employee retirement system (PERS), administered and controlled by a separate board of trustees.

Plan description - All sheriffs and deputies who are found to be physically fit, who earn at least \$800 after January 1, 2000, and who were between the ages of 18 and 50 at time of original employment are required to participate in the system. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 3.33 percent. In any case, the retirement benefit cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 50 and receive benefits accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Sheriff's Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana, 71210-3163, or by calling (318) 362-3198.

Funding Policy - Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.75 percent of annual covered payroll. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$1,725,689, \$1,320,757, and \$1,048,467, respectively, equal to the required contributions for each year.

NOTE M

DEFERRED COMPENSATION PLAN

The **ST. TAMMANY PARISH SHERIFF** offers its employees deferred compensation under the Louisiana Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until retirement, death, termination, disability, or financial hardship.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE M

DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the Sheriff (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Sheriff's general creditors:

Participants' rights under the plan are equal to those of general creditors of the Sheriff in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Sheriff's legal counsel that the Sheriff has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Sheriff believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Accordingly, the plan assets and related liabilities have not been included herein.

NOTE N

POST-RETIREMENT BENEFITS

The ST. TAMMANY PARISH SHERIFF provides certain continuing health care benefits for retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the Sheriff's office. These benefits for retirees and similar benefits for active employees are provided through the Sheriff's General Fund. The Sheriff recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. For the year ended June 30, 2004, the Sheriff expended \$3,503,913 for health care and life insurance benefits. Included in this total is \$302,150 of health care benefits paid for retirees. There are 79 retirees and 687 active employees as of June 30, 2004.

NOTE O

LITIGATION AND CLAIMS

At June 30, 2004, the Sheriff is involved in a number of lawsuits. In the opinion of the Sheriff's legal counsels, the resolution of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

NOTE P

SELF-INSURANCE

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and national disasters. The Sheriff has contracted with various insurers to cover his risk of loss on assets, which he owns, with the exception of motor vehicles for which he retains the risk of loss. The Sheriff has retained a portion of his risks as to general and police professional liability for which he has established an internal service funds to account for and finance his portion of these risks.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE P

SELF-INSURANCE (Continued)

LIABILITY RISK MANAGEMENT

The Sheriff has established a self-insurance fund for its deductible for general liability, police professional liability, practice liability and automobile liability. The Sheriff participates in insurance contracts for the coverage of general liability, police professional liability, practice liability, and automobile liability and buildings and contents. Limit of coverage is \$3,000,000. The Sheriff self-insures the deductible of \$500,000 for general liability, police professional liability, and practice liability and the deductible of \$200,000 for automobile liability. The Sheriff covers each occurrence up to a maximum of \$1,000,000 aggregate per claim year for all liability insurances. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Resources to fund the plan are recorded as revenues. Claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not paid as of June 30, 2004. These liabilities are recorded at their present value of \$187,098.

Changes in the balances of claims liabilities during fiscal years 2004, 2003 and 2002 are as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Beginning of Year Liability	\$ 2,837	\$ 74,745	\$ 163,204
Claims and Legal Fees	423,484	167,840	215,990
Payments	<u>(239,223)</u>	<u>(239,748)</u>	<u>(304,449)</u>
Balance at Fiscal Year End	<u>\$ 187,098</u>	<u>\$ 2,837</u>	<u>\$ 74,745</u>

NOTE Q

TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others at June 30, 2004, include taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$206,044.

NOTE R

INTERGOVERNMENTAL AGREEMENT

On April 23, 1998, the St. Tammany Parish Council issued \$18,900,000 of general obligation sales tax bonds to finance an addition to the jail, which is funded by a 1/4% sales tax. The Sheriff entered into an intergovernmental agreement, effective April 6, 2004 through December 31, 2005, with the St. Tammany Parish Council, which requires the proceeds of the 1/4% sales tax to be deposited in the Sheriff's Jail Special Revenue Fund. The Sheriff will pay the St. Tammany Parish Council monthly, the proportionate interest and principal requirements of the bond. The Sheriff has assumed responsibility for operation, maintenance, administrative, medical, and feeding and keeping of prisoner expenditures of the jail. For these expenditures, the parish pays the Sheriff \$52,083 per month.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE S

DEFICIT IN RETAINED EARNINGS

At June 30, 2004, the Internal Service Fund had a deficit in retained earnings of \$118,504. The Sheriff plans to eliminate this deficit by transferring funds from the General Fund.

NOTE T

EXCESS OF EXPENDITURES OVER BUDGET

During the year ended June 30, 2004, the General Fund had expenditures of \$28,065,958, which exceeded budgeted expenditures of \$27,611,217 resulting in an unfavorable variance of \$454,741. Also the Jail Special Revenue Fund had expenditures of \$10,747,005, which exceeded budgeted expenditures of \$10,535,276 resulting in an unfavorable variance of \$211,729.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

GENERAL FUND -
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 7,963,135	\$ 8,315,652	\$ 8,324,546	\$ 8,894
Sales Taxes	6,925,794	7,512,485	7,570,789	58,304
Intergovernmental Revenues				
Federal Grants	712,315	691,107	917,704	226,597
State Grants	50,000	69,100	62,953	(6,147)
State Revenue Sharing	400,000	420,732	406,115	(14,617)
State Supplemental Pay	989,852	950,196	1,048,764	98,568
Fees, Charges and Commissions for Services				
Commissions				
Sales Tax	1,552,606	1,690,595	1,687,989	(2,606)
Other	532,920	661,524	780,271	118,747
Civil Fees	1,596,000	1,806,410	1,923,575	117,165
Criminal Fees	793,000	907,047	813,101	(93,946)
Court Attendance	50,000	56,304	45,458	(10,846)
Feeding and Keeping Prisoners	3,957,662	5,052,643	5,226,659	174,016
Tax Research and Other Services	285,000	333,505	393,658	60,153
Salary Reimbursements	1,030,575	991,271	792,499	(198,772)
Interest Earnings	120,000	120,655	120,471	(184)
Other Revenues	885,800	1,035,430	1,291,648	256,218
Total Revenues	<u>27,876,659</u>	<u>30,614,656</u>	<u>31,406,200</u>	<u>791,544</u>
EXPENDITURES				
Public Safety				
Personnel Services	14,470,521	14,300,257	14,363,684	(63,427)
Payroll Benefits	3,990,325	4,257,182	4,184,480	72,702
Operating Expenditures	2,853,177	3,015,083	3,207,453	(192,370)
Professional Fees	896,129	1,385,873	1,161,974	223,899
Materials and Supplies	1,291,010	1,388,807	989,325	399,482
Travel and Education	322,135	209,136	267,340	(58,204)
Insurance	849,000	821,210	1,417,360	(596,150)
Debt Service				
Principal	1,028,690	1,028,690	1,310,652	(281,962)
Interest			168,905	(168,905)
Capital Outlays	809,272	1,204,979	994,785	210,194
Total Expenditures	<u>26,510,259</u>	<u>27,611,217</u>	<u>28,065,958</u>	<u>(454,741)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,366,400	3,003,439	3,340,242	336,803
OTHER FINANCING SOURCES (USES)				
Transfers	(1,287,763)	(2,414,443)	(2,713,492)	(299,049)
Sale of Assets	50,000	68,839	112,339	43,500
Total Other Financing Sources (Uses)	<u>(1,237,763)</u>	<u>(2,345,604)</u>	<u>(2,601,153)</u>	<u>(255,549)</u>
CHANGE IN FUND BALANCES	\$ 128,637	\$ 657,835	739,089	\$ 81,254
FUND BALANCE AT BEGINNING OF YEAR			7,928,643	
FUND BALANCE AT END OF YEAR			\$ 8,667,732	

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

JAIL SPECIAL REVENUE FUND -
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales Taxes	\$ 6,925,794	\$ 7,480,387	\$ 7,559,585	\$ 79,198
Intergovernmental Revenues				
State Supplemental Pay	226,797	266,667	267,808	1,141
Fees, Charges, and Commissions for Services				
Feeding and Keeping Prisoners	325,000	269,746	266,667	(3,079)
Interest Earnings	5,000	7,352	-	(7,352)
Other Revenues	-	-	11,962	11,962
Salary Reimbursements	128,000	96,680	121,287	24,607
Total Revenues	<u>7,610,591</u>	<u>8,120,832</u>	<u>8,227,309</u>	<u>106,477</u>
EXPENDITURES				
Public Safety				
Personnel Services	4,433,747	4,689,201	4,838,278	(149,077)
Payroll Benefits	1,307,859	1,495,465	1,370,796	124,669
Operating Expenditures	1,358,826	1,811,164	941,045	870,119
Professional Fees	13,000	68,776	57,151	11,625
Materials and Supplies	467,500	806,263	1,165,058	(358,795)
Travel and Education	64,000	55,820	55,982	(162)
Insurance	-	48,580	90,579	(41,999)
Medical Cost of Prisoners	-	-	667,108	(667,108)
Debt Service				
Transfer to St Tammany Parish Council	1,560,007	1,560,007	1,560,008	(1)
Capital Outlays	-	-	1,000	(1,000)
Total Expenditures	<u>9,204,939</u>	<u>10,535,276</u>	<u>10,747,005</u>	<u>(211,729)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,594,348)	(2,414,444)	(2,519,696)	(105,252)
OTHER FINANCING SOURCES				
Transfers	1,287,763	2,414,444	2,713,492	299,048
CHANGE IN FUND BALANCES	<u>\$ (306,585)</u>	<u>\$ -</u>	193,796	<u>\$ 193,796</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>968,781</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 1,162,577</u>	

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

COMMISSARY SPECIAL REVENUE FUND -
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Earnings	\$ 1,500	\$ -	\$ -	\$ -
State Supplemental Pay	3,600	3,600	-	(3,600)
Sales to Inmates	<u>420,096</u>	<u>643,679</u>	<u>583,111</u>	<u>(60,568)</u>
Total Revenues	<u>425,196</u>	<u>647,279</u>	<u>583,111</u>	<u>(64,168)</u>
EXPENDITURES				
Public Safety:				
Personnel Services	26,189	26,319	32,445	(6,126)
Payroll Benefits	7,764	8,782	8,226	556
Materials and Supplies	380,000	423,671	385,166	38,505
Capital Outlays	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>438,953</u>	<u>458,772</u>	<u>425,837</u>	<u>32,935</u>
CHANGE IN FUND BALANCES	<u>\$ (13,757)</u>	<u>\$ 188,507</u>	157,274	<u>\$ (31,233)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>423,999</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 581,273</u>	

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS
June 30, 2004

SHERIFF'S FUND

The Sheriff's Fund accounts for funds held in connection with civil suits, sheriff's sales, and garnishments. It also accounts for the collections of bonds, probation fines, and disbursement of these collections, in accordance with applicable law.

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.

JAIL AGENCY AND WORK RELEASE FUNDS

The Jail Agency and Work Release Funds account for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentence. The Jail Agency also accounts for collections and disbursement of certain fees charged inmates upon incarceration.

FINES AND COST FUND

The Fines and Cost Fund accounts for the collection and settlement of fines and costs received by the courts in accordance with applicable laws.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
FIDUCIARY FUND TYPE - AGENCY FUNDS
June 30, 2004

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Jail Agency and Work Release Fund</u>	<u>Fines and Cost Fund</u>	<u>Total</u>
ASSETS					
Cash and Interest-Bearing Deposits	\$ 1,956,159	\$ 12,056,404	\$ 591,763	\$ 490,610	\$15,094,936
Due from Others	-	1,330	-	-	1,330
Due from Other Funds	-	4,534	-	-	4,534
Total Assets	<u>\$ 1,956,159</u>	<u>\$ 12,062,268</u>	<u>\$ 591,763</u>	<u>\$ 490,610</u>	<u>\$15,100,800</u>
LIABILITIES					
Due to Taxing Bodies and Others	<u>\$ 1,956,159</u>	<u>\$ 12,062,268</u>	<u>\$ 591,763</u>	<u>\$ 490,610</u>	<u>\$15,100,800</u>
Total Liabilities	<u>\$ 1,956,159</u>	<u>\$ 12,062,268</u>	<u>\$ 591,763</u>	<u>\$ 490,610</u>	<u>\$15,100,800</u>

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

**COMBINING SCHEDULE OF CHANGES IN BALANCES DUE TO
TAXING BODIES AND OTHERS - FIDUCIARY FUND TYPE - AGENCY FUNDS**
For the Year Ended June 30, 2004

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Jail Agency and Work Release Fund</u>	<u>Fines and Cost Fund</u>	<u>Total</u>
BALANCES AT BEGINNING OF YEAR	\$ 1,547,375	\$ 10,567,819	\$ 377,416	\$ 510,816	\$ 13,003,426
ADDITIONS					
Deposits					
Sheriff's Sales	11,424,745	-	-	-	11,424,745
Bonds	635,754	-	-	-	635,754
Fines and Costs	-	-	-	4,232,432	4,232,432
Other Deposits	-	-	4,540,557	-	4,540,557
Taxes, Fees, etc., Paid to Tax Collector	-	271,247,324	-	-	271,247,324
Interest	-	69,505	-	94	69,599
Total Additions	<u>12,060,499</u>	<u>271,316,829</u>	<u>4,540,557</u>	<u>4,232,526</u>	<u>292,150,411</u>
Subtotal	<u>13,607,874</u>	<u>281,884,648</u>	<u>4,917,973</u>	<u>4,743,342</u>	<u>305,153,837</u>
REDUCTIONS					
Taxes, Fees, etc., Distributed to Taxing Bodies and Others	-	269,822,380	-	-	269,822,380
Deposits Settled to					
Sheriff's General Fund	1,348,722	-	-	470,428	1,819,150
Clerk of Court	552,665	-	-	352,077	904,742
Litigants and Appraisers	8,847,671	-	-	-	8,847,671
Other Cost	490,940	-	-	741,657	1,232,597
Advertisements	94,853	-	-	-	94,853
District Attorney	-	-	-	645,014	645,014
Parish Council	-	-	-	1,175,958	1,175,958
Judicial Expense Fund	-	-	-	250,227	250,227
Indigent Defender Board	-	-	-	595,787	595,787
Refunds to Individuals	316,864	-	4,326,210	21,584	4,664,658
Total Reductions	<u>11,651,715</u>	<u>269,822,380</u>	<u>4,326,210</u>	<u>4,252,732</u>	<u>290,053,037</u>
BALANCES AT END OF YEAR	<u>\$ 1,956,159</u>	<u>\$ 12,062,268</u>	<u>\$ 591,763</u>	<u>\$ 490,610</u>	<u>\$ 15,100,800</u>

SINGLE AUDIT SECTION



LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

**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 Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

We have audited the financial statements of the **ST. TAMMANY 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. TAMMANY 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. TAMMANY PARISH SHERIFF's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the Louisiana Legislative Auditor, and the U.S. Department of Justice and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Salute, Schut, Long & Neal

A Professional Accounting Corporation

November 19, 2004



LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

Compliance

We have audited the compliance of the **ST. TAMMANY PARISH SHERIFF** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2004. The **ST. TAMMANY PARISH SHERIFF's** major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **ST. TAMMANY PARISH SHERIFF**. Our responsibility is to express an opinion on the **ST. TAMMANY PARISH SHERIFF's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **ST. TAMMANY PARISH SHERIFF's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **ST. TAMMANY PARISH SHERIFF's** compliance with those requirements.

In our opinion the **ST. TAMMANY PARISH SHERIFF** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

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Internal Control Over Compliance

The management of the **ST. TAMMANY PARISH SHERIFF** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the **ST. TAMMANY PARISH SHERIFF's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



A Professional Accounting Corporation

November 19, 2004

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Number (If Applicable)	Total Grant Award	(Accrued) Deferred Revenue 6/30/2003	Cash Received	Revenue Recognized	Expenditures	(Accrued) Deferred Revenue 6/30/2004
United States Department of Justice								
Public Safety and Community Policing (Major Program)								
COPS More Grant - 2002	16.710	2002CLWX0008	\$ 500,000	\$ (106,415)	\$ 375,490	\$ 269,075	\$ 269,075	\$ -
COPS Technology Grant	16.710	2002CKWX0075	500,000	(23,850)	86,030	87,693	87,693	(25,513)
COPS Methamphetamine Grant	16.710	2002CKWX0184	500,000	(144,223)	178,085	54,526	54,526	(20,664)
COPS Technology Grant	16.710	2003CKWX0937	99,350	-	-	-	-	-
Equitable Sharing/Assets Forfeited	16.000	N/A	N/A	-	38,788	38,788	110,801	-
State Criminal Alien Assistance Program	16.606	N/A	N/A	-	10,000	10,000	10,000	-
Terrorism Grants to State and Local Governments	16.614	N/A	N/A	-	34,750	34,750	34,750	-
Passed through the St. Tammany Parish Council								
Grants to Encourage Arrest Policies	16.590	97-WE-VX-0059	254,116	(51,634)	244,365	204,825	204,825	(12,094)
Passed through the Metropolitan Commission on Law Enforcement								
Multi-Jurisdictional Task Force	16.579	B04-7013	59,058	-	58,241	65,329	65,529	(7,088)
Passed through the Louisiana Commission on Law Enforcement								
Local Law Enforcement Block Grants	16.592	2001WLVX1660	89,959	36,133	-	36,133	36,133	-
	16.592	2002LBVX1750	72,076	54,883	-	36,800	49,365	18,083
Total United States Department of Justice				(235,106)	1,025,749	837,919	922,697	(47,276)
United States Department of Transportation								
Passed through the State of Louisiana								
State and Community Highway Safety	20.600	PT030204	N/A	(25,496)	59,751	45,049	45,049	(10,794)
Total United States Department of Transportation				(25,496)	59,751	45,049	45,049	(10,794)
United States Drug Enforcement Agency								
Overtime Payments	N/A	N/A	N/A	-	34,736	34,736	34,736	-
Total				(260,602)	\$ 1,120,236	\$ 917,704	\$ 1,002,482	\$ (58,070)

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2004

NOTE A

SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the Sheriff's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2004

Section 1

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report | Unqualified |
| 2. Compliance and internal control over financial reporting | |
| 1. Material weaknesses identified | None |
| 2. Reportable conditions identified not considered to be material weaknesses | None |
| 3. Noncompliance material to the financial statements noted | None |

Federal Awards

- | | |
|--|-----------------------------|
| 1. Internal control over major programs | |
| 1. Material weaknesses identified | None |
| 2. Reportable conditions identified not considered to be material weaknesses | None |
| 2. Type of auditor's report issued on compliance for major program | Unqualified |
| 3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | None |
| 4. Identification of major programs
16.710 | Community Oriented Policing |
| 5. Dollar threshold used to distinguish between Type A and B programs | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB A-133 Section 530 | No |

Section 2

Federal Awards Findings and Questioned Costs

None