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VERMILION PARISH SHERIFF
Abbeville, Louisiana

Financial Report

Year Ended June 30, 2004

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Release Date 1-26-05

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INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Couvillion
Vermilion Parish Sheriff
Abbeville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the major fund, and the aggregate remaining fund information, of the Vermilion Parish Sheriff, a component unit of the Vermilion Parish Police Jury, 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 Vermilion 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 respective financial position of the governmental activities, the business-type activity, the major fund, and the aggregate remaining fund information, of the Vermilion Parish Sheriff as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Vermilion Parish Sheriff adopted the provisions of Governmental Accounting Standards Board (GASB) 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 Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

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In accordance with Government Auditing Standards, we have also issued a report dated September 24, 2004 on our consideration of the Vermilion 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 required supplementary information on page 32 is not a required part of the basic financial statements but is supplementary information required by accounting principles 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 of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vermilion Parish Sheriff's basic financial statements. The other supplementary information on pages 35 through 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report issued by the predecessor auditor in which they expressed an unqualified opinion on the financial statements of the Vermilion Parish Sheriff.

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

Abbeville, Louisiana
September 24, 2004

BASIC FINANCIAL STATEMENTS

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Net Assets
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 748,435	\$ 32,569	\$ 781,004
Interest-bearing deposits	513,806	-	513,806
Receivables	353,321	1,008	354,329
Inventory	-	6,670	6,670
Prepaid items	95,576	-	95,576
Restricted assets:			
Inmate cash	-	13,578	13,578
Total current assets	1,711,138	53,825	1,764,963
Noncurrent assets:			
Capital assets, net	886,864	113,153	1,000,017
Total assets	2,598,002	166,978	2,764,980
LIABILITIES			
Accounts payables	106,933	-	106,933
Other accrued liabilities	9,081	-	9,081
Claims in process	153,040		153,040
Due to other taxing bodies	62,005	-	62,005
Payable from restricted assets:			
Inmate deposits	-	13,578	13,578
Total liabilities	331,059	13,578	344,637
NET ASSETS			
Invested in capital assets	886,864	113,153	1,000,017
Unrestricted	1,380,079	40,247	1,420,326
Total net assets	\$2,266,943	\$ 153,400	\$2,420,343

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Activities
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue And Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activity:						
Public safety:						
Law enforcement	\$5,791,417	\$1,271,648	\$ 491,119	\$ (4,028,650)	\$ -	\$ (4,028,650)
Business-type activity:						
Commissary	<u>224,561</u>	<u>125,940</u>	<u>101,133</u>	-	<u>2,512</u>	<u>2,512</u>
Total	<u>\$6,015,978</u>	<u>\$1,397,588</u>	<u>\$ 592,252</u>	<u>(4,028,650)</u>	<u>2,512</u>	<u>(4,026,138)</u>
Taxes:						
Property taxes, levied for general purposes				1,711,249	-	1,711,249
Sales taxes, levied for general purposes				1,413,950	-	1,413,950
Interest and investment earnings				522	20	542
Miscellaneous				250,376	3,059	253,435
Total general revenues				<u>3,376,097</u>	<u>3,079</u>	<u>3,379,176</u>
Change in net assets				(652,553)	5,591	(646,962)
Net assets - June 30, 2003				<u>2,919,496</u>	<u>147,809</u>	<u>3,067,305</u>
Net assets - June 30, 2004				<u>\$ 2,266,943</u>	<u>\$153,400</u>	<u>\$ 2,420,343</u>

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTION

General Fund

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Comparative Balance Sheet - Governmental Fund
June 30, 2004

		General Fund	
		2004	2003
ASSETS			
Cash		\$ 748,435	\$ 1,098,217
Interest-bearing deposits		513,806	475,503
Receivables		353,321	464,426
Prepaid items		95,576	37,695
Total assets		\$ 1,711,138	\$ 2,075,841
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable		\$ 106,933	\$ 33,212
Other accrued liabilities		9,081	9,272
Due to other taxing bodies		62,005	63,631
Claims in process		153,040	69,911
Total liabilities		331,059	176,026
Fund balance:			
Reserved for prepaid items		95,576	37,695
Unreserved, undesignated		1,284,503	1,862,120
Total fund balance		1,380,079	1,899,815
Total liabilities and fund balance		\$ 1,711,138	\$ 2,075,841

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

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

Total fund balance for governmental fund at June 30, 2004		\$1,380,079
Cost of capital assets at June 30, 2004	\$1,799,633	
Less: Accumulated depreciation	<u>(912,769)</u>	
Capital assets, net		<u>886,864</u>
Net assets at June 30, 2004		<u>\$2,266,943</u>

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
Years Ended June 30, 2004 and 2003

	General Fund	
	2004	2003
Revenues:		
Ad valorem taxes	\$1,711,249	\$1,693,754
Intergovernmental revenues -		
Sales tax	1,413,950	1,347,533
State grants - state revenue sharing (net)	216,126	215,817
State supplemental pay	230,137	233,711
Law enforcement grant	44,856	39,752
Fees, charges, and commissions for services -		
Commissions on licenses, taxes, etc.	40,422	42,934
Fines and forfeitures	65,091	39,905
Civil and criminal fees	295,476	293,499
Court costs and attendance	53,137	46,209
Feeding, keeping, and transporting prisoners	817,522	817,501
Other	249,896	133,360
Interest income	522	5,996
Total revenues	5,138,384	4,909,971
Expenditures:		
Current -		
Public safety:		
Personal services and related benefits	3,127,419	3,045,860
Operating services	1,721,105	1,317,546
Operations and maintenance	771,924	747,201
Capital outlay	39,572	111,507
Total expenditures	5,660,020	5,222,114
Deficiency of revenues over expenditures	(521,636)	(312,143)
Other financing sources:		
Sale of vehicles	1,900	6,700
Deficiency of revenues and other financing sources over expenditures	(519,736)	(305,443)
Fund balance, beginning	1,899,815	2,205,258
Fund balance, ending	\$1,380,079	\$1,899,815

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
Year Ended June 30, 2004

Total net change in fund balance for the year ended June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(519,736)
Add: Capital outlay costs which are considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance	39,572
Less: Depreciation expense for year ended June 30, 2004	(170,969)
Less: Loss on disposal of asset	<u>(1,420)</u>
Total changes in net assets for the year ended June 30, 2004 per Statement of Activities	<u>\$(652,553)</u>

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

VERMILION PARISH SHERIFF
 Abbeville, Louisiana
 Proprietary Fund
 Comparative Statement of Net Assets
 June 30, 2004 and 2003

	Business-type Activities Enterprise Fund	
	2004	2003
ASSETS		
Current assets:		
Cash	\$ 32,569	\$ 22,206
Inventory	6,670	4,484
Other receivables	1,008	1,005
Restricted assets:		
Inmate cash	13,578	17,725
Total current assets	53,825	45,420
Capital assets, net of accumulated depreciation	113,153	120,114
Total assets	166,978	165,534
LIABILITIES		
Current liabilities:		
Payable from restricted assets:		
Inmate deposits	13,578	17,725
NET ASSETS		
Invested in capital assets	113,153	120,114
Unrestricted	40,247	27,695
Total net assets	\$ 153,400	\$ 147,809

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Proprietary Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Years Ended June 30, 2004 and 2003

	Business-Type Activities Enterprise Fund	
	2004	2003
Operating revenues:		
Commissary	\$ 125,940	\$ 122,931
Immigration and naturalization services revenue	<u>101,133</u>	<u>114,446</u>
Total operating revenues	<u>227,073</u>	<u>237,377</u>
Operating expenses:		
Cost of goods sold	68,553	64,443
Immigration and naturalization services expenses	101,133	113,441
Depreciation	11,972	16,037
Other expenses	<u>42,903</u>	<u>68,528</u>
Total operating expenses	<u>224,561</u>	<u>262,449</u>
Operating income (loss)	<u>2,512</u>	<u>(25,072)</u>
Non-operating revenues:		
Interest income	20	152
Other income	<u>3,059</u>	<u>1,802</u>
Total non-operating income	<u>3,079</u>	<u>1,954</u>
Change in net assets	5,591	(23,118)
Net assets, beginning	<u>147,809</u>	<u>170,927</u>
Net assets, ending	<u>\$ 153,400</u>	<u>\$ 147,809</u>

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Comparative Statement of Cash Flows
Proprietary Fund
For the Years Ended June 30, 2004 and 2003

	Business-Type Activities Enterprise Fund	
	2004	2003
	Cash flows from operating activities:	
Receipts from customers	\$ 222,921	\$ 242,376
Payments to suppliers	<u>(214,775)</u>	<u>(242,526)</u>
Net cash provided (used) by operating activities	8,146	(150)
Cash flows from noncapital financing activities:		
Other income	3,059	1,802
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(5,009)	-
Cash flows from investing activities:		
Interest on investments	<u>20</u>	<u>152</u>
Net increase in cash and cash equivalents	6,216	1,804
Cash and cash equivalents, beginning of period	<u>39,931</u>	<u>38,127</u>
Cash and cash equivalents, end of period	<u>\$ 46,147</u>	<u>\$ 39,931</u>

(continued)

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Comparative Statement of Cash Flows
Proprietary Fund (continued)
Years Ended June 30, 2004 and 2003

	Business-Type Activities Enterprise Fund	
	<u>2004</u>	<u>2003</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 2,512	\$(25,072)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	11,972	16,037
Changes in assets and liabilities:		
Increase in other receivables	(3)	(1,005)
(Increase) decrease in inventory	(2,186)	3,886
(Decrease) increase in due to inmates	<u>(4,149)</u>	<u>6,004</u>
Net cash provided (used) by operating activities	<u>\$ 8,146</u>	<u>\$ (150)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash- unrestricted	\$ 22,206	\$ 26,406
Cash-restricted	<u>17,725</u>	<u>11,721</u>
Total cash and cash equivalents	<u>39,931</u>	<u>38,127</u>
Cash and cash equivalents, end of period -		
Cash- unrestricted	32,569	22,206
Cash-restricted	<u>13,578</u>	<u>17,725</u>
Total cash and cash equivalents	<u>46,147</u>	<u>39,931</u>
Net increase	<u>\$ 6,216</u>	<u>\$ 1,804</u>

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Fiduciary Funds
Comparative Statement of Fiduciary Net Assets and Liabilities
June 30, 2004 and 2003

	<u>Agency Funds</u>	
	<u>2004</u>	<u>2003</u>
ASSETS		
Assets:		
Cash	\$ 180,284	\$ 266,108
Interest-bearing deposits	<u>468,813</u>	<u>466,417</u>
Total assets	<u>\$ 649,097</u>	<u>\$ 732,525</u>
LIABILITIES		
Liabilities:		
Due to others	<u>\$ 649,097</u>	<u>\$ 732,525</u>

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

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 accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The accounting and reporting policies of the Vermilion Parish Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

(1) Summary of Significant Accounting Policies

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Vermilion Parish Police Jury is the financial reporting entity for Vermilion Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 and No. 39 established criteria for determining which component units should be considered part of the Vermilion Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,
and;

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

- a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury maintains the Sheriff's office and provides funds for various operations of the parish jail, the Sheriff was determined to be a component unit of the Vermilion Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the Vermilion 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 34, "Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities displays information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Sheriff and for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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 10 percent of the corresponding total for all governmental funds. The governmental fund of the Sheriff is considered to be a major fund. The funds of the Sheriff are described below:

Governmental Fund –

General Fund – This fund is the primary operating fund of the Sheriff and it accounts for the operations of the Sheriff's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

Proprietary Fund –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of the net income, financial position, and cash flows. The following is the Sheriff's proprietary fund type:

Enterprise Fund

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to inmates on a continuing basis be financed or recovered primarily through charges; or (b) where the governing body has decided that periodic determination of revenues earned expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Sheriff applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Sheriff's enterprise fund is the Commissary fund.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Fiduciary Funds -

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 modified accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

The amounts reflected in the General Fund 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 balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Sheriff operations.

The amounts reflected in the General Fund 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 is 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 governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 1 of each year, and become delinquent on January 1 of the subsequent year. The taxes are generally collected in December, January, and February of the fiscal year.

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Expenditures

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

D. Budgets and Budgetary Accounting

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

1. The chief administrative deputy prepares a proposed budget for the general fund 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 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 the 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 are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

E. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market. See Note (3) for other GASB No. 3 disclosures.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

F. Investments

Investments are limited by Louisiana Revised Statute (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 or fewer days, they are classified as cash equivalents.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Encumbrances

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

I. Bad Debts

Uncollectible amounts due for accounts receivable are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivables. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at June 30, 2004.

J. Capital Assets

Capital assets, which include buildings, furniture, fixtures, equipment, and vehicles, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Vehicles	5
Office furniture	5-10
Equipment	5-10

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

K. Annual and Sick Leave

All full-time employees of the Sheriff's earn from 10 to 15 days of annual leave, depending on their length of service. Full-time employees earn 8 hours sick leave per month actually worked. Sick leave accumulates from year to year, no monetary compensation is allowed at termination. The maximum days of sick leave an employee can accumulate is 31.25 days. At June 30, 2004, the Sheriff has no accumulated and vested benefits relating to annual and sick leave, which requires accrual or disclosure to conform with generally accepted accounting principles.

L. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

M. Fund Equity

In the fund financial statements, the governmental fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

N. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it 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.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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.

P. Report Classification

Certain previously reported amounts for the year ended June 30, 2003 have been reclassified to the June 30, 2004 classifications.

(2) Changes in Accounting Principles

For the year ended June 30, 2004, the Sheriff has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Sheriff’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Sheriff also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At June 30, 2004, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

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

Total fund balance - Governmental Fund at June 30, 2003		\$ 1,899,815
Add: Cost of capital assets at June 30, 2003	\$ 2,833,211	
Less: Accumulated depreciation at June 30, 2003	<u>(1,813,530)</u>	<u>1,019,681</u>
Net assets at June 30, 2003		<u>\$ 2,919,496</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$ 1,957,485, as follows:

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	<u>Total</u>
Cash	\$ 794,582	\$ 180,284	\$ 974,866
Interest-bearing deposits	<u>513,806</u>	<u>468,813</u>	<u>982,619</u>
Total	<u>\$ 1,308,388</u>	<u>\$ 649,097</u>	<u>\$ 1,957,485</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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004, are secured as follows:

Bank balances	<u>\$ 2,197,525</u>
Federal deposit insurance	100,000
Pledged securities (category 3)	<u>2,097,525</u>
Total	<u>\$ 2,197,525</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Sheriff's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

(4) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on January 1 on property assessed on that date and are actually billed to 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 Vermilion 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.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2004, and 2003, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 8.80 mills on property with net assessed valuations totaling \$195,753,940, and \$191,184,910, respectively.

Total law enforcement taxes levied during 2004 and 2003 were \$1,711,249, and \$1,693,754, respectively. There were no taxes receivable at June 30, 2004, or 2003.

(5) Receivables

Receivables on the government-wide statement of net assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Sales tax receivable	\$ 239,924	\$ -	\$ 239,924
Other receivables	113,397	1,008	114,405
Total	\$ 353,321	\$ 1,008	\$ 354,329

(6) Capital Assets

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

	Balance 6/30/2003	Additions	Deletions	Balance 6/30/2004
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 106,248	\$ -	\$ -	\$ 106,248
Other capital assets:				
Buildings	152,729	-	-	152,729
Jail addition	500,310	-	-	500,310
Equipment and vehicles	2,073,924	39,572	1,073,150	1,040,346
Totals	2,833,211	39,572	1,073,150	1,799,633
Less accumulated depreciation				
Buildings	36,273	3,818	-	40,091
Jail addition	360,025	9,001	-	369,026
Equipment and vehicles	1,417,232	158,150	1,071,730	503,652
Total accumulated depreciation	1,813,530	170,969	1,071,730	912,769
Governmental activities, capital assets, net	\$1,019,681	\$ (131,397)	\$ (1,420)	\$ 886,864

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

	<u>Balance</u> <u>6/30/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2004</u>
Business-type activities:				
Capital assets:				
Buildings	\$ 175,022	\$ -	\$ -	\$ 175,022
Equipment	<u>62,902</u>	<u>5,012</u>	<u>-</u>	<u>67,914</u>
Totals	<u>237,924</u>	<u>5,012</u>	<u>-</u>	<u>242,936</u>
Less accumulated depreciation				
Buildings	64,749	8,021	-	72,770
Equipment	<u>53,062</u>	<u>3,951</u>	<u>-</u>	<u>57,013</u>
Total accumulated depreciation	<u>117,811</u>	<u>11,972</u>	<u>-</u>	<u>129,783</u>
 Business-type activities, capital assets, net	 <u>\$ 120,113</u>	 <u>\$ (6,960)</u>	 <u>\$ -</u>	 <u>\$ 113,153</u>

Depreciation expense was charged to the law enforcement governmental activity and to the commissary business-type activity in the amount of \$170,969 and \$11,972, respectively.

(7) Pension Plan

Substantially all employees of the Vermilion Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (retirement system).

Plan Description - The Vermilion Parish Sheriff contributes to the retirement system, a cost-sharing, multiple-employer defined benefit plan administered by the Sheriff's Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability, and survivor benefits to Sheriff and deputy Sheriff members throughout the State of Louisiana.

The retirement system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana 71210-3136, or by calling (337) 362-3191.

Funding Policy - Plan members are required to contribute 9.8% of their annual covered salary and the Vermilion Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.25% of annual covered payroll. The contribution requirements of plan members and the Vermilion Parish Sheriff are established and may be amended by the Sheriffs' Pension and Relief Fund. The Vermilion Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2004 and 2003 were \$249,776 and \$205,300, respectively.

(8) Changes in Agency Fund Balances

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

	Civil Fund	Tax Collector Fund	Bond Fund	Total
Balances, June 30, 2003	\$ 18,733	\$ 618,647	\$ 95,145	\$ 732,525
Additions	878,906	20,298,845	557,060	21,734,811
Reductions	<u>(875,742)</u>	<u>(20,404,740)</u>	<u>(537,757)</u>	<u>(21,818,239)</u>
Balances, June 30, 2004	<u>\$ 21,897</u>	<u>\$ 512,752</u>	<u>\$ 114,448</u>	<u>\$ 649,097</u>

(9) Taxes Paid Under Protest

The unsettled balances due to taxing bodies and others in the tax collector fund at June 30, 2004, includes \$468,813 of taxes paid under protest plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

(10) 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, resolution of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

(11) Risk Management

The Sheriff is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering automobile liability, medical payments, uninsured motorist, and collision; surety bond coverage; and marine liability. In addition to the above policies, the Sheriff maintains a public officials liability policy and a law enforcement policy. No claims were paid, which exceeded the policies' coverage amount, on any of the policies during the past three years.

The Sheriff is currently enrolled in a self-insurance plan to provide health insurance to its employees. The Sheriff makes monthly contributions to a trust account to cover expenses expected to be incurred by its employees. A third-party administrator who assists in processing claims computes these monthly contributions. Included within the monthly contribution is an amount for excess risk insurance. This excess insurance has a \$50,000 deductible per employee per year, which limits the Sheriff's exposure to loss. The activity of this plan is reported in the general fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the general fund because it is expected

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the year are as follows:

Unpaid claims, June 30, 2003	\$ 69,911
<i>Incurred claims, including IBNR's</i>	904,989
Claims payments	<u>(821,860)</u>
Unpaid claims, June 30, 2004	<u>\$ 153,040</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

VERMILION PARISH SHERIFF
Abbeville, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2004

With Comparative Actual Amounts for Year Ended June 30, 2003

	2004		Actual	Variance Positive (Negative)	2003 Actual
	Budget				
	Original	Final			
Revenues:					
Ad valorem taxes	\$ 1,850,000	\$ 1,775,000	\$ 1,711,249	\$ (63,751)	\$ 1,693,754
Intergovernmental revenues -					
Sales tax	1,250,000	1,250,000	1,413,950	163,950	1,347,533
State grants - state revenue sharing (net)	214,000	216,126	216,126	-	215,817
State supplemental pay	240,000	230,750	230,137	(613)	233,711
Law enforcement grant	31,500	39,611	44,856	5,245	39,752
Fees, charges, and commissions for services -					
Commissions on licenses, taxes, etc.	38,000	41,000	40,422	(578)	42,934
Fines and forfeitures	46,000	61,000	65,091	4,091	39,905
Civil and criminal fees	275,000	290,000	295,476	5,476	293,499
Court costs and attendance	45,000	50,000	53,137	3,137	46,209
Feeding, keeping, and transporting prisoners	696,500	741,264	817,522	76,258	817,501
Other	65,900	84,614	249,896	165,282	133,360
Interest income	12,000	290	522	232	5,996
Total revenues	<u>4,763,900</u>	<u>4,779,655</u>	<u>5,138,384</u>	<u>358,729</u>	<u>4,909,971</u>
Expenditures:					
Current -					
Public safety:					
Personal services and related benefits	3,240,200	3,147,767	3,127,419	20,348	3,045,860
Operating services	1,311,100	1,551,813	1,721,105	(169,292)	1,317,546
Operations and maintenance	726,850	772,670	771,924	746	747,201
Capital outlay	108,000	43,280	39,572	3,708	111,507
Total expenditures	<u>5,386,150</u>	<u>5,515,530</u>	<u>5,660,020</u>	<u>(144,490)</u>	<u>5,222,114</u>
Deficiency of revenues over expenditures	(622,250)	(735,875)	(521,636)	214,239	(312,143)
Other financing sources:					
Sale of vehicles	-	-	1,900	1,900	6,700
Deficiency of revenues and other financing sources over expenditures	(622,250)	(735,875)	(519,736)	216,139	(305,443)
Fund balance, beginning	<u>1,899,815</u>	<u>1,899,815</u>	<u>1,899,815</u>	-	<u>2,205,258</u>
Fund balance, ending	<u>\$ 1,277,565</u>	<u>\$ 1,163,940</u>	<u>\$ 1,380,079</u>	<u>\$ 216,139</u>	<u>\$ 1,899,815</u>

**OTHER SUPPLEMENTARY
INFORMATION**

OTHER FINANCIAL INFORMATION

VERMILION PARISH SHERIFF
Abbeville, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended June 30, 2004
With Comparative Actual Amounts for Year Ended June 30, 2003

	2004				2003 Actual
	Budget		Actual	Variance Favorable (Unfavorable)	
	Original	Final			
Current:					
Public safety -					
Personal services and related benefits:					
Sheriff's salary	\$ 97,700	\$ 109,582	\$ 109,582	\$ -	\$ 84,718
Deputies' salaries	2,800,000	2,644,000	2,622,635	21,365	2,632,591
Deferred compensation	85,000	96,925	106,076	(9,151)	86,415
Pension and payroll taxes	257,500	297,260	289,126	8,134	242,136
Total personal services and related benefits	<u>3,240,200</u>	<u>3,147,767</u>	<u>3,127,419</u>	<u>20,348</u>	<u>\$ 3,045,860</u>
Operating services:					
Hospitalization insurance	1,150,000	1,200,000	1,326,259	(126,259)	1,107,020
Auto insurance	50,000	50,000	49,588	412	48,968
Deputy liability insurance	95,000	118,000	119,111	(1,111)	96,285
Other insurance	16,100	183,813	226,147	(42,334)	65,273
Total operating services	<u>1,311,100</u>	<u>1,551,813</u>	<u>1,721,105</u>	<u>(169,292)</u>	<u>1,317,546</u>
Operations and maintenance:					
Auto fuel and oil	100,000	112,000	109,717	2,283	102,423
Auto and equipment repair and maintenance	132,000	128,500	120,285	8,215	159,402
Deputy uniforms, supplies, and training	27,000	26,500	54,704	(28,204)	54,631
Office supplies and expenses	60,000	57,000	68,824	(11,824)	102,957
Telephone and utilities	88,000	78,000	79,180	(1,180)	87,458
Prisoner feeding, maintenance, and transporting	154,600	139,650	131,637	8,013	160,101
Accounting and legal	36,000	30,000	36,599	(6,599)	13,066
Criminal investigations	27,000	39,500	27,013	12,487	21,340
Community services	6,000	12,600	12,573	27	16,655
Other	96,250	148,920	131,392	17,528	29,168
Total operations and maintenance	<u>726,850</u>	<u>772,670</u>	<u>771,924</u>	<u>746</u>	<u>747,201</u>
Capital outlay:					
Vehicles and equipment	108,000	43,280	39,572	3,708	111,507
Total expenditures	<u>\$ 5,386,150</u>	<u>\$ 5,515,530</u>	<u>\$ 5,660,020</u>	<u>\$ (144,490)</u>	<u>\$ 5,222,114</u>

AGENCY FUNDS

Civil Fund

To account for funds held in connection with civil suits, sheriff's sales, and garnishments.

Tax Collector Fund

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

Bond Fund

To account for the collection of bonds, fines, and costs and payment of these collections to recipients in accordance with applicable laws.

VERMILION PARISH SHERIFF
 Abbeville, Louisiana
 Agency Funds

Combining Balance Sheet
 June 30, 2004
 With Comparative Totals for June 30, 2003

	Civil Fund	Tax Collector Fund	Bond Fund	Totals	
	<u> </u>	<u> </u>	<u> </u>	<u>2004</u>	<u>2003</u>
ASSETS					
Cash	\$ 21,897	\$ 43,939	\$ 114,448	\$ 180,284	\$ 266,108
Interest-bearing deposits	<u>-</u>	<u>468,813</u>	<u>-</u>	<u>468,813</u>	<u>466,417</u>
 Total assets	 <u>\$ 21,897</u>	 <u>\$ 512,752</u>	 <u>\$ 114,448</u>	 <u>\$ 649,097</u>	 <u>\$ 732,525</u>
LIABILITIES					
Due to taxing bodies and others	<u>\$ 21,897</u>	<u>\$ 512,752</u>	<u>\$ 114,448</u>	<u>\$ 649,097</u>	<u>\$ 732,525</u>

VERMILION PARISH SHERIFF
Abbeville, Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2004
With Comparative Totals for Year Ended June 30, 2003

	Civil Fund	Tax Collector Fund	Bond Fund	Totals	
				2004	2003
Balances, beginning of year	\$ 18,733	\$ 618,647	\$ 95,145	\$ 732,525	\$ 952,037
Additions:					
Deposits -					
Sheriff's sales, suits, and seizures	730,954	-	-	730,954	659,810
Garnishments	94,256	-	-	94,256	75,231
Bonds	-	-	48,765	48,765	37,860
Fines, forfeitures and costs	53,685	-	508,295	561,980	462,337
Taxes, fees, etc., paid to tax collector	-	20,253,639	-	20,253,639	20,012,364
Interest	11	24,963	-	24,974	3,640
Other	-	20,243	-	20,243	21,256
Total additions	<u>878,906</u>	<u>20,298,845</u>	<u>557,060</u>	<u>21,734,811</u>	<u>21,272,498</u>
 Total	<u>897,639</u>	<u>20,917,492</u>	<u>652,205</u>	<u>22,467,336</u>	<u>22,224,535</u>
Reductions:					
Taxes, fees, etc., distributed to taxing bodies and others	-	13,659,668	-	13,659,668	13,442,353
Deposits settled to -					
State agencies	-	6,866	24,085	30,951	15,591
Sheriff's General Fund	171,898	1,975,758	87,389	2,235,045	2,198,496
Clerk of Court	40,901	-	19,864	60,765	100,100
Police Jury	-	4,758,681	140,559	4,899,240	4,825,563
District Attorney	-	-	87,957	87,957	67,608
Crime lab	-	-	22,445	22,445	17,300
Indigent defender board	-	-	75,501	75,501	64,311
Litigants, attorneys etc.	530,464	-	34,147	564,611	413,998
Other settlements	1,641	-	16,926	18,567	231,030
Other reductions	130,838	3,767	28,884	163,489	115,660
Total reductions	<u>875,742</u>	<u>20,404,740</u>	<u>537,757</u>	<u>21,818,239</u>	<u>21,492,010</u>
 Balances, end of year	<u>\$ 21,897</u>	<u>\$ 512,752</u>	<u>\$ 114,448</u>	<u>\$ 649,097</u>	<u>\$ 732,525</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Honorable Michael Couvillion
Vermilion Parish Sheriff
Vermilion, Louisiana

We have audited the financial statements of the governmental activities, the business-type activity, the major fund, and the aggregate remaining fund information, of the Vermilion Parish Sheriff (the Sheriff), a component unit of the Vermilion Parish Police Jury, as of and for the year ended June 30, 2004, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated September 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Sheriff's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as Item 04-1(IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than specified parties. However, this report is a matter of public record and its distribution is not limited.

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

Abbeville, Louisiana
September 24, 2004

VERMILION PARISH SHERIFF
Abbeville, Louisiana

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

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (6/30/04) --</u>						
<u>Internal Control:</u>						
04-1(IC)	2004	Due to the small number of employees, the sheriff did not have adequate segregation of functions within the accounting system.	N/A	Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of accounting functions. No response is considered necessary.	Melissa Jordan, Accountant	N/A
<u>PRIOR YEAR (6/30/03) --</u>						
<u>Internal Control:</u>						
03-1(IC)	2003	During the audit of the Commissary Fund, it was noted that monthly and fiscal year reports were not securely stored nor legibly copied.	Yes	Steps are currently implemented to securely store monthly and fiscal year reports and to ensure that they are legibly copied	Melissa Jordan, Accountant	6/30/2004
03-2(IC)	2003	During the audit, it was noted that the computer systems were not backed up monthly nor at the end of the fiscal year.	Yes	Steps have been taken to insure that the computer systems are back-up monthly and also at the end of the fiscal year, and that said back-up tapes are safely stored for easy retrieval	Melissa Jordan, Accountant	6/30/2004