

RECEIVED  
LEGISLATIVE AUDITOR  
2005 JAN -3 AM 10: 49

---

WASHINGTON PARISH SHERIFF  
Franklinton, Louisiana

---

Financial Report

---

Year Ended June 30, 2004

---

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

**RICHARD M. SEAL**

---

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Table of Contents  
June 30, 2004

	<u>Page Number</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Management's Discussion and Analysis (Unaudited)</b> .....	3-10
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements (GWFS):</b>	
Statement of Net Assets .....	13
Statement of Activities .....	14
<b>Fund Financial Statements (FFS):</b>	
<b>Governmental Funds:</b>	
Balance Sheet .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	17-18
Reconciliation of the Statement of Revenues , Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Assets .....	20
<b>Notes to the Financial Statements</b> .....	21-38

(Continued)

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Table of Contents  
June 30, 2004

Page  
Number

**Required Supplemental Information**

Budgetary Comparison Schedule-General Fund .....	40
--	----

**Other Supplemental Information:**

**Nonmajor Governmental Funds:**

Combining Balance Sheet .....	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	44

**Fiduciary Funds:**

Statement of Changes in Fiduciary Net Assets .....	46-47
--	-------

**Other Reports**

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	49-50
Schedule of Findings .....	51-52
Schedule of Prior-Year Findings .....	53

(Concluded)

# RICHARD M. SEAL

---

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

## INDEPENDENT AUDITOR'S REPORT

Honorable Aubrey Jones  
Washington Parish Sheriff  
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Parish Sheriff as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington Parish Sheriff. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Washington Parish Sheriff as of June 30, 2004, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Washington Parish Sheriff has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004. This results in a change in the format and contents of the basic financial statements.

The accompanying Management's Discussion and Analysis on pages 3 through 10 and the budgetary comparison schedule on page 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 14, 2004, on my consideration of the Washington Parish Sheriff's internal control over financial reporting and on my 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 my audit.



Certified Public Accountant

Bogalusa, Louisiana  
December 14, 2004

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Management's Discussion and Analysis (Unaudited)

This section of the Sheriff's annual financial report presents our discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 2004.

**FINANCIAL HIGHLIGHTS**

The Sheriff's assets exceeded its liabilities by \$241,965 for the fiscal period reported.

For the fiscal year ending 6/30/04 compared to the previous year, the total revenues of \$4,979,384 represent a decrease of \$309,705. This decrease was due to a decrease in grant revenue of \$418,475. Expenses were controlled and decreased by \$297,964. This is a decrease in expenses of 5.5%.

The Sheriff's office is continuing to work to improve its financial position through careful budget monitoring and actively pursuing new grants to enhance its revenue.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of five parts—management's discussion and analysis (this section), the basic financial statements, required supplemental information, an optional section that presents combining statements for nonmajor funds, and other reports. The basic financial statements include two kinds of statements that present different views of the Sheriff:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Sheriff's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the sheriff department, reporting the Sheriff's operations in more detail than the government-wide statements.

The government funds statements tells how general government services like public safety were financed in the short term as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of required supplemental information that further explains and supports the information in the financial statements. In

addition to these required elements, we have included a section of supplemental information with combining statements that provide details about our nonmajor governmental funds and fiduciary funds.

### **GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the Sheriff as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Sheriff's net assets and how they have changed. Net assets—the difference between the Sheriff's assets and liabilities—is one way to measure the Sheriff's financial health, or position.

Over time, increases or decreases in the Sheriff's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Sheriff's Department you need to consider additional nonfinancial factors such as changes in the Sheriff's property tax base and the condition of the Sheriff's equipment.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Sheriff's most significant funds—not the Sheriff as a whole. Funds are accounting devices that the Sheriff uses to keep track of specific sources of funding and spending for particular purposes.

The Sheriff has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

*Fiduciary 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. We exclude these activities from the government-wide statements because the Sheriff cannot use these assets to finance its operations.

The accompanying notes to the financial statement provide information essential to a full understanding of the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general and special revenue fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget.

### **FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE**

The Sheriff implemented the new financial reporting model used in this report beginning with the current fiscal year ending June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole.

The Sheriff's net assets at fiscal year-end are \$241,965. The following table provides a summary of the Sheriff's net assets:

<b>Summary of Net Assets</b>		
	<b>Governmental Activities</b>	<b>Percentage Totals</b>
<b>Assets</b>		
Current assets	\$ 494,654	72%
Capital assets	195,358	28%
<b>Total assets</b>	<b>690,012</b>	<b>100%</b>
<b>Liabilities</b>		
Current liabilities	416,615	93%
Long-term liabilities	31,432	7%
<b>Total liabilities</b>	<b>448,047</b>	<b>100%</b>
<b>Net assets:</b>		
Investment in capital assets, net of debt	195,358	
Unrestricted	46,607	
<b>Total net assets</b>	<b>\$ 241,965</b>	



Overall, the Sheriff's office reports net assets of \$241,965. The Sheriff's office has \$195,358 invested in capital assets. Current assets exceed current liabilities by \$78,039.

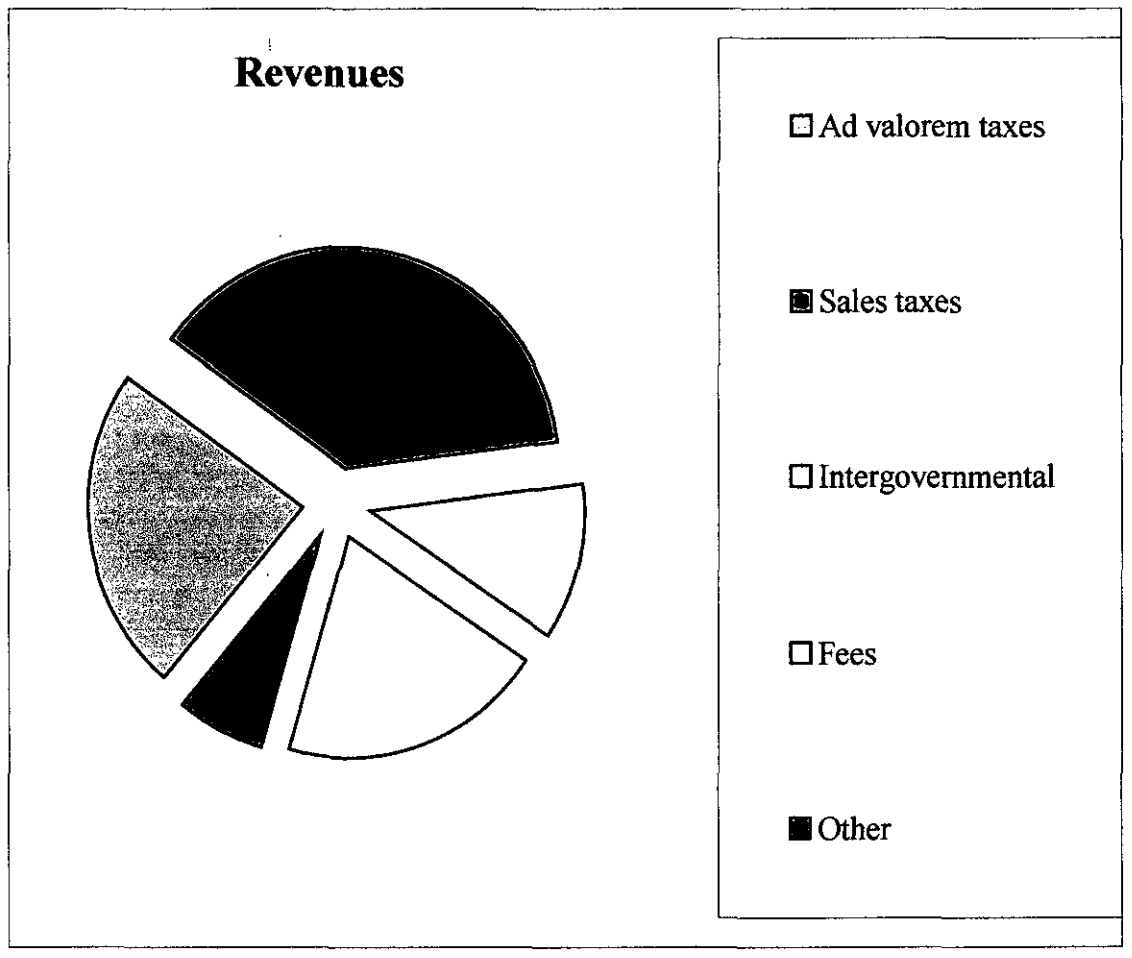
The current ratio is a tool used to assess the ability of the Sheriff to pay or meet short-term obligations. The current ratio is equal to current assets divided by current liabilities.

$$\text{Current Ratio (Sheriff)} = \frac{\text{Current Assets } \$494,654}{\text{Current Liabilities } \$416,615} = 1.18$$

Therefore, the current ratio for the year ended June 30, 2004 is 1.18 to 1. Since this is the first year in which governmental-wide information is available, comparable data is not presented. However, comparative data will be accumulated and presented in future years.

#### Summary of Changes in Net Assets

	<b>Governmental Activities</b>	<b>Percentage of Total</b>
Revenue		
Program:		
Charges for services/fines	\$1,473,284	30%
Operating grants and contributions	235,476	5%
Capital grants and contributions	45,847	1%
General:		
Sales taxes	1,892,431	38%
Property taxes	1,187,859	24%
State revenue sharing	128,405	2%
Interest	303	0%
Miscellaneous	15,779	0%
 Total Revenues	 4,979,384	 100%
 Program expenses:		
Public safety	5,069,532	
 Total expenses	 5,069,532	
 Change in net assets	 (90,148)	
 Beginning net assets	 332,113	
 Ending net assets	 \$ 241,965	

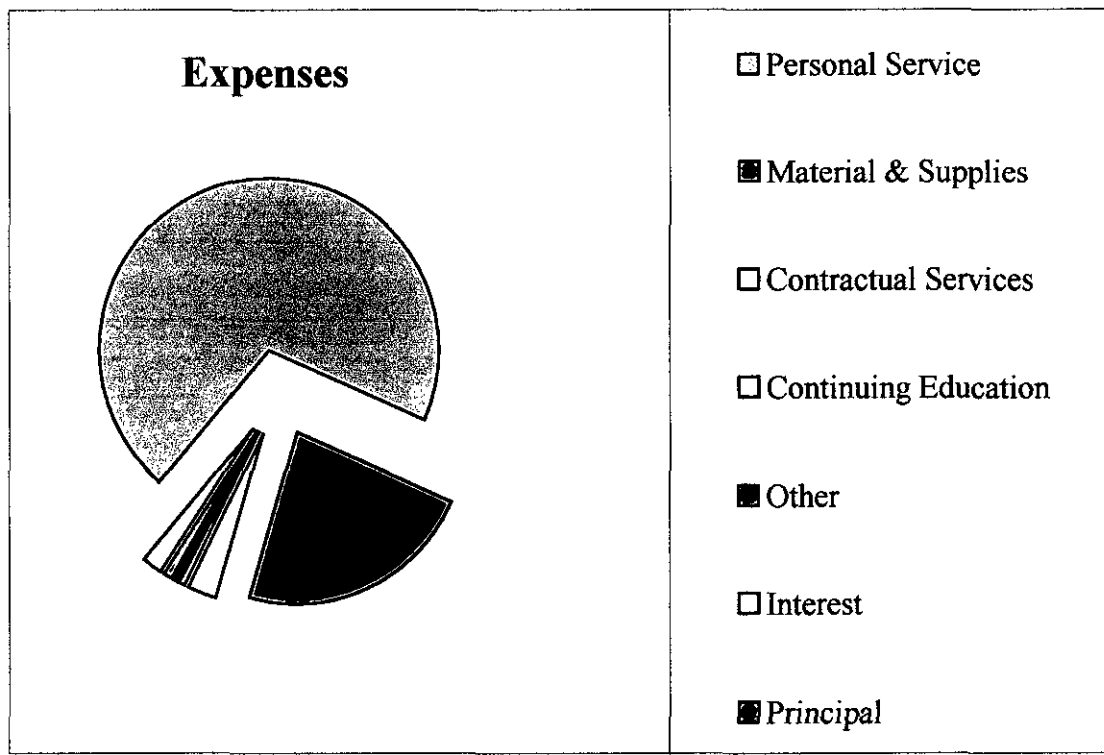


**GOVERNMENTAL REVENUES**

The Sheriff is heavily reliant on property taxes and sales taxes to support its operation. Property taxes provided 24% of the Sheriff's total revenues. Sales taxes provided 38% of the Sheriff's total revenues. Also, note that program revenues covered 35% of governmental expenses. This means that the government's taxpayers, in the form of property and sales taxes, and the Sheriff's other general revenues funded 65% of its operation.

The Washington Parish Sales/Use Tax Centralization Commission voted to renew the Sales tax collection contract with the Sheriff's office. The contract was signed July 1, 2004 giving the Sheriff's office a 5-year renewal for sales and use tax collections. This will allow the Sheriff to receive a commission of 1.5% of sales tax collections.

The anticipated revenue stream from this commission is in excess of \$200,000 per year. The Sheriff is responsible for all tax collections as well as the performance of sales and use tax audits. The aggressive collection of sales tax is a benefit for all parish agencies.



**GOVERNMENTAL EXPENSES**

The majority of the expenditures of the Sheriff's office are for the purpose of public safety. The public safety expenditures include amounts related to the Sheriff serving as Ex-Officio Tax Collector in Washington Parish. Overall, expenses decreased by \$297,964. This is a decrease of 5.5%.

**MAJOR GOVERNMENTAL FUNDS**

*General Fund* is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$28,475. In fiscal year 2004, revenue from grants decreased by \$418,475. This was due to the expiration of some grants as well as the renewal of other grants at a lower amount. A decrease in expenses of \$297,964 offset some of this decrease in revenue. Property tax revenue increased by \$32,723 while sales tax revenue decreased by \$73,321 for the fiscal year.

**BUDGETARY HIGHLIGHTS**

When the original budget was adopted, it was anticipated that the total revenues were going to be less than the previous fiscal year by \$207,082 mainly due to a decrease in grant awards. The final budget reflected an increase in expenses of \$418,936 from the previous year.

These increases in expenses were reflective of the following factors:

- An increase in fuel costs
- An increase in personnel benefit costs
- An increase in automobile maintenance costs
- An increase in automobile insurance costs

An increase in employee liability coverage

**CAPITAL ASSETS**

At June 2004 the Sheriff had depreciable assets with a historic cost of \$789,883. The accumulated depreciation on these assets is \$594,525. The net capital assets are \$195,358. The book value of the assets at June 30, 2004 is 25% with 75% of the original cost already depreciated.

	Balance			Balance
	6/30/2003	Increases	Decreases	6/30/2004
Governmental activities				
Capital assets being depreciated:				
Vehicles	492,200	7,000		499,200
Furniture & Equipment	90,313	34,152		124,465
Other capital assets	160,318	5,900		166,218
Total capital assets being depreciated	742,831	47,052	-	789,883
Less accumulated depreciated for:				
Vehicles	(345,161)	(52,316)		(397,477)
Furniture & Equipment	(71,921)	(14,951)		(86,872)
Other capital assets	(91,582)	(18,594)		(110,176)
Total accumulated depreciation	(508,664)	(85,861)		(594,525)
Governmental activities capital assets, net	234,167	(38,809)	-	195,358

**CAPITAL LEASES/DEBT**

The sheriff records assets acquired through capital leases as an asset and an obligation in the accompanying financial statements. Copying and postage equipment costing \$43,544.33 have been acquired through capital leases. The following is a schedule of future minimum lease payments.

June 30, 2005	\$	11,164
June 30, 2006		9,522
June 30, 2007		8,284
June 30, 2008		8,172
		-----
Minimum lease payments for capital leases		37,142
Less: Amounts representing maintenance		( 688)
Amounts representing interest		(5,022)
		-----
Present value of minimum lease payments	\$	31,432

The portion of liabilities due within one year is \$8,164 and the portion of liabilities due after one year is \$23,268.

## **VIOLATION OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

On August 3, 1992, the voters of Washington Parish approved (for an indefinite period) a one-half percent sales tax to be effective January 1, 1993. The wording of the sales tax proposition on the voting machine dedicated various percentages to the net sales tax proceeds to certain specific uses. One of those specific uses was "Forty (40) percent to the purchase, maintenance, and support of law enforcement vehicles and equipment".

In the opinion of the Sheriff's office attorney at the time of the passage of this tax, "support" included the salary and related personnel benefits of the deputies driving the vehicles. This was the understanding when the 40% rate of dedication was agreed to. Subsequently in August of 2003, the Attorney General rendered an opinion that the use of the dedicated funds to pay salaries is not included in the definition of "support". A large portion of this money is being used to pay the salaries of those who drive the vehicles. Based on this opinion, the Sheriff's office is not in compliance with the sales tax dedication.

This sales tax generated \$1,892,431 for the year ended June 30, 2004. Based on the stipulated requirement of spending 40% of the sales tax on the "purchase, maintenance, and support of law enforcement vehicles and equipment", the department would have to spend \$756,972 on these aforementioned items. This would put the department in a position of severe financial difficulty. This additional expenditure, above what the department is already spending would increase the overall expenditures by a minimum of \$500,000 per year with no offsetting revenues.

This would literally translate to an excess of expenses over revenue of at least \$500,000 per year. The Sheriff's office does not believe it is in the public's best interest to spend this additional money on additional equipment and its support. The public voted for the sales tax in order to provide for the needs of the law enforcement work performed by the Sheriff's office. The Sheriff is exploring the opportunity to have a voter-approved change in this dedication rate in order to solidify the future financial stability of the Sheriff's office and to continue the professional operation of its law enforcement mission.

## **CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have any questions about this report or would like to request additional information, please contact the Sheriff's office at 985-839-4468 ext. 118.

**BASIC FINANCIAL STATEMENTS**

---

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

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Statement of Net Assets

June 30, 2004

**ASSETS**

Cash and cash equivalents	\$ 111,643
Receivables	383,011
Capital assets, net of accumulated depreciation	195,358
Total assets	<u>690,012</u>

**LIABILITIES**

Accounts payable	\$ 94,252
Salaries and benefits payable	271,639
Accrued vacation leave	50,724
Capital leases payable:	
Due within one year	8,164
Due after one year	23,268
Total liabilities	<u>448,047</u>

**NET ASSETS**

Invested in capital assets, net of related debt	195,358
Unrestricted	46,607
Total net assets	<u>\$ 241,965</u>

The accompanying notes are an integral part of this statement.



**WASHINGTON PARISH SHERIFF**  
 Franklinton, Louisiana  
 Statement of Activities  
 For the Year Ended June 30, 2004

	Program revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Public Safety	\$ 5,069,532	\$ 1,473,284	\$ 235,476	\$ (3,314,925)
Total	5,069,532	1,473,284	235,476	(3,314,925)
<b>General revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				1,187,859
Sales and use taxes levied for special purposes				1,892,431
State revenue sharing				128,405
Interest				303
Miscellaneous				15,779
Total general revenues				3,224,777
Change in net assets				(90,148)
Net assets-beginning				332,113
Net assets-ending				\$ 241,965

**Functions/Programs**  
 Governmental activities:  
 Public Safety  
 Total

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS (FFS)**

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Balance Sheet

Governmental Funds

June 30, 2004

	General Fund	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 107,703	\$ 3,940	\$ 111,643
Receivables	375,223	7,788	383,011
Due from other funds	-	4,587	4,587
Total assets	<u>\$482,926</u>	<u>\$ 16,315</u>	<u>\$499,241</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 94,252	\$ -	\$ 94,252
Salaries and benefits payable	271,639		271,639
Due to other funds	4,587		4,587
Accrued vacation leave	50,724		50,724
Total liabilities	<u>421,202</u>	<u>-</u>	<u>421,202</u>
Fund balances:			
Unreserved, reported in:			
General fund	61,724		61,724
Special revenue funds		16,315	16,315
Total fund balances	<u>61,724</u>	<u>16,315</u>	<u>78,039</u>
Total liabilities and fund balances	<u>\$482,926</u>	<u>\$ 16,315</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 are not reported in the fund financial statements.	\$ 195,358
Capital leases are long-term liabilities which are not reported in the fund financial statements.	<u>(31,432)</u>
Net assets of governmental activities	<u>\$241,965</u>

The accompanying notes are an integral part of this statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2004

	General Fund	Other Governmental funds	Total
<b>Revenues</b>			
Ad valorem taxes	\$1,187,859	\$	\$1,187,859
Sales taxes	1,892,431		1,892,431
Intergovernmental revenues:			
Federal grants	192,147	48,445	240,592
State grants	45,245		45,245
State revenue sharing	128,405		128,405
State supplemental pay	140,685		140,685
Fees, charges and commissions for services:			
Commissions	412,901		412,901
Civil and criminal fees	141,669		141,669
Feeding and keeping prisoners	448,026		448,026
Interest	303		303
Other revenues	283,645	41,843	325,488
Total revenues	<u>4,873,316</u>	<u>90,288</u>	<u>4,963,604</u>
<b>Expenditures</b>			
Current:			
Public Safety:			
Personal services	3,535,616	42,851	3,578,467
Materials and supplies	1,127,332	26,212	1,153,544
Contractual services	138,272		138,272
Continuing education	23,652		23,652
Other		20,871	20,871
Interest	14,648		14,648
Debt service:			
Principal	38,534		38,534
Interest	3,802		3,802
Capital outlay	84,998	12,469	97,467
Total expenditures	<u>4,966,854</u>	<u>102,403</u>	<u>5,069,257</u>

(Continued)

The accompanying notes are an integral part of this statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2004

	General Fund	Other Governmental funds	Total
Excess (deficiency) of revenues over expenditures	\$ (93,538)	\$ (12,115)	\$ (105,653)
<b>Other Financing Sources (Uses)</b>			
Sale of surplus equipment	15,779		15,779
Capital lease proceeds	34,152		34,152
Residual equity transfer	15,132	(15,132)	-
Total other financing sources	<u>65,063</u>	<u>(15,132)</u>	<u>49,931</u>
Net change in fund balances	(28,475)	(27,247)	(55,722)
Fund balances-beginning	<u>90,199</u>	<u>43,562</u>	<u>133,761</u>
Fund balances-ending	<u>\$ 61,724</u>	<u>\$ 16,315</u>	<u>\$ 78,039</u>

(Concluded)

The accompanying notes are an integral part of this statement.



**WASHINGTON PARISH SHERIFF**  
 Franklinton, Louisiana  
 Statement of Fiduciary Net Assets  
 June 30, 2004

	SHERIFF'S FUND		TAX COLLECTOR FUND		SALES TAX COLLECTOR FUND		INMATE FUND		TOTAL
<b>ASSETS</b>									
Cash	\$ 70,905	\$ 892,522	\$ 10,395	\$ 10,982	\$ 10,395	\$ 10,982	\$ 10,982	\$ 10,982	\$ 984,804
Accounts receivable	6,725		3,983						10,708
Total Assets	<u>\$ 77,630</u>	<u>\$ 892,522</u>	<u>\$ 14,378</u>	<u>\$ 10,982</u>	<u>\$ 14,378</u>	<u>\$ 10,982</u>	<u>\$ 10,982</u>	<u>\$ 10,982</u>	<u>\$ 995,512</u>
<b>LIABILITIES</b>									
Liabilities:									
Held for other taxing bodies	\$	\$ 892,522	\$ 14,378	\$	\$ 14,378	\$	\$	\$	\$ 906,900
Held for others pending court action	77,630								77,630
Held for inmates							10,982		10,982
Total Liabilities	<u>\$ 77,630</u>	<u>\$ 892,522</u>	<u>\$ 14,378</u>	<u>\$ 10,982</u>	<u>\$ 14,378</u>	<u>\$ 10,982</u>	<u>\$ 10,982</u>	<u>\$ 10,982</u>	<u>\$ 995,512</u>

The accompanying notes are an integral part of this statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2004

**INTRODUCTION**

As provided by Article V, Section 27 of 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, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

In addition, the Sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996.

Aubrey Jones was re-elected Sheriff on November 15, 2003 to serve a four-year term which expires June 30, 2008.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Washington 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



## **WASHINGTON PARISH SHERIFF**

### Notes to the Financial Statements(Continued)

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.

#### **B. REPORTING ENTITY**

The Sheriff is an independently elected official; however, the Sheriff is fiscally dependent on the Washington Parish Government. The parish government maintains and operates the building in which the Sheriff's office and jail is located and provides funds for equipment and furniture of the Sheriff's office. Because the Sheriff is fiscally dependent on the parish government, the Sheriff was determined to be a component unit of the Washington Parish Government, 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 parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

#### **C. FUND ACCOUNTING**

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions 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.

##### **Governmental Funds**

Governmental funds account for all or most of the Sheriff's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, *fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Sheriff.*

##### **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

## **WASHINGTON PARISH SHERIFF**

### **Notes to the Financial Statements(Continued)**

funds account for assets held by the Sheriff as an agent for various taxing bodies 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.

#### **D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

##### **Fund Financial Statements**

The amounts reflected in the 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 a government-wide view of Sheriff operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are 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 120 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 funds use the following practices in recording revenues and expenditures:

##### **Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year.

**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

Sales taxes are recorded in the year the related sale occurred. Commissions, grants, civil and criminal fees, and maintenance of prisoners are recorded when earned.

**Expenditures**

Generally, expenditures are recognized under the modified accrual basis when the related fund liability is incurred. Compensated absences are recognized as expenditures when paid.

**Other Financing Sources (Uses)**

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition. 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.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Net assets are classified for accounting and reporting into the following three net asset categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** result when constraints placed on net assets are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

## **WASHINGTON PARISH SHERIFF**

### **Notes to the Financial Statements(Continued)**

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 properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

Washington Parish Sheriff reports the following major fund:

**General Fund** - the primary operating fund of the Sheriff and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

#### **E. BUDGETS**

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary.

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

#### **F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized

## WASHINGTON PARISH SHERIFF

### Notes to the Financial Statements(Continued)

under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

#### G. INVESTMENTS

Under Louisiana Revised Statute (R.S.) 33:2955, the Sheriff may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Under this definition the Sheriff does not have any investments.

#### H. 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.

#### I. CAPITAL ASSETS

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

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Vehicles	5 years
Furniture and equipment	5 years
Other capital assets	5 years

#### J. COMPENSATED ABSENCES

The Sheriff's department adopted the following policy regarding vacation and sick leave effective January 1, 2003:

## WASHINGTON PARISH SHERIFF

### Notes to the Financial Statements(Continued)

Vacation: does not accumulate, is paid on termination, and accrues as follows:

	<u>8 hour days</u>	<u>12 hour days</u>
● 1 - 4 years of service	- 80 hours	- 84 hours
● 5 - 6 years of service	- 96 hours	- 108 hours
● 7 - 9 years of service	- 112 hours	- 132 hours
● 10+ years of service	- 120 hours	- 144 hours
● 15+ years of service	- 160 hours	- 168 hours

Sick leave: does accumulate without limitation, is not paid on termination, and accrues at the rate of 4.62 hours per pay period (26 in a year).

### K. 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*. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers. (e.g., transfers of residual balances of discontinued funds to the General Fund).

### L. SALES TAXES

On October 3, 1992, the voters of Washington Parish approved (for an indefinite period) a ½ percent sales tax to be effective January 1, 1993. The sales and use tax was collected and remitted to the Sheriff by an independent collecting agent for a monthly fee for the year ended June 30, 1996. Beginning July 1, 1996 the Sheriff began collecting the tax as the central sales tax collection agency for Washington Parish. The net proceeds of the tax are dedicated to the following exclusive uses:

- ◆ Forty (40) percent to the salaries of criminal law enforcement deputies.
- ◆ Twenty (20) percent to the support of criminal law enforcement deputies, including the hiring and training of additional criminal law enforcement personnel, consisting of criminal patrol deputies, juvenile officers, burglary and narcotics detectives.
- ◆ Forty (40) percent to the purchase, maintenance and support of law enforcement vehicles and equipment.

The Sheriff is required to publish semi-annually, in the official parish journal, an accounting of the actual expenditures.

**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

**M. AD VALOREM**

The following is a summary of authorized and levied ad valorem taxes.

	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations	10.96	Indefinite

**N. 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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

On August 3, 1992, the voters of Washington Parish approved (for an indefinite period) a one-half percent sales tax to be effective January 1, 1993. The wording of the sales tax proposition on the voting machine dedicated various percentages to the net sales tax proceeds to certain specific uses. One of those specific uses was "Forty (40) percent to the purchase, maintenance, and support of law enforcement vehicles and equipment".

A large portion of this money has been used to pay the salaries of those who drove the vehicles. The Attorney General has rendered an opinion that the use of the dedicated funds to pay salaries is not included in the definition of "support". Based on this opinion, the Sheriff's office is not in compliance with the sales tax dedication.

The Sheriff's office believes that compliance with the stipulated 40% requirement would put the department in a position of severe financial difficulty which would not be in the public's best interest. The Sheriff is exploring the opportunity to have a voter-approved change in this dedication amount in order to solidify the future financial stability of the Sheriff's office.

**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2004, the Sheriff had cash and cash equivalents (book balances) totaling \$1,096,447 as follows:

Demand deposits	\$ 16,483
Interest-bearing demand deposits	<u>1,079,964</u>
Total	<u>\$ 1,096,447</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 pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2004, the Sheriff has \$1,557,227 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance, \$1,104,591 of pledged securities, and \$1,350,000 of FHLB letter of credit held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities *within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.*



**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

**4. RECEIVABLES**

The receivables of \$383,011 at June 30, 2004, follow:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Taxes -			
Ad valorem	\$ 48,885		\$ 48,885
Sales and use	162,512		162,512
Intergovernmental -			
Federal	39,788	7,788	47,576
State	31,444		31,444
Local	66,371		66,371
Other -			
Commission	18,391		18,391
Jail telephone	6,784		6,784
Miscellaneous	<u>1,048</u>		<u>1,048</u>
Total	<u>\$ 375,223</u>	<u>\$ 7,788</u>	<u>\$ 383,011</u>

**5. INTERFUND RECEIVABLES/PAYABLES**

Individual balances due from/to other funds at June 30, 2004 follow:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$	\$ 4,587
Special Revenue Funds:		
Drug Task Force	<u>4,587</u>	
Total	<u>\$ 4,587</u>	<u>\$ 4,587</u>

**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

**6. CAPITAL ASSETS**

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

	Balance 06/30/03	Increases	Decreases	Balance 06/30/04
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Vehicles	492,200	7,000		499,200
Furniture and equipment	90,313	34,152		124,465
Other capital assets	160,318	5,900		166,218
Total capital assets being depreciated	742,831	47,052	—	789,883
Less accumulated depreciation for:				
Vehicles	(345,161)	(52,316)		(397,477)
Furniture and equipment	(71,921)	(14,951)		(86,872)
Other capital assets	(91,582)	(18,594)		(110,176)
Total accumulated depreciation	(508,664)	(85,861)	—	(594,525)
Governmental activities capital assets, net	<u>\$ 234,167</u>	<u>\$ (38,809)</u>	<u>\$ —</u>	<u>\$ 195,358</u>

**7. PENSION PLAN**

Substantially all employees of the Washington Parish Sheriff's Office are members of the state individual retirement system known as the Sheriff's Pension and Relief Fund ("System"), a multiple-employee (cost-sharing), public employee retirement systems (PERS), administered and controlled by a separate board of trustees.

*Plan Description.* All Sheriffs and all deputies who are found to be physically fit, who earn at least \$800 per month after January 1, 2000, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 3.33 percent. In any case, the retirement benefit cannot exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 39 consecutive or joined

## **WASHINGTON PARISH SHERIFF**

### **Notes to the Financial Statements(Continued)**

months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 50 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Sheriff's Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, LA 70806, or by calling (225) 922-0465.

*Funding Policy.* Plan members are required by state statute to contribute 9.8% of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.75% 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 \$228,920, \$216,477, and \$240,087, respectively, equal to the required contributions for each year.

## **8. POST-RETIREMENT BENEFITS**

The Washington 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. 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 \$487,464 for health care and life insurance benefits. Included in this total is \$31,763 of health care benefits paid for retirees. There are 12 retirees and 118 active employees as of June 30, 2004.

**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

**9. DEFERRED COMPENSATION PLAN**

The Washington 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.

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 the 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.*

**10. SHORT-TERM DEBT**

The Sheriff uses a revolving line of credit to finance general operations during periods of uneven ad valorem and sales tax collection.

Short-term debt activity for the year ended June 30, 2004, follow:

	Beginning Balance	Draws	Repayments	Ending Balance
Line of Credit	\$ —	\$600,000	\$ 600,000	\$ —

**11. CAPITAL LEASES**

The Sheriff records items under capital leases as an asset and an obligation in the accompanying government-wide financial statements. Copying and postage equipment costing \$43,544.33 have been acquired through capital leases. The

**WASHINGTON PARISH SHERIFF**

## Notes to the Financial Statements(Continued)

following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2004:

June 30, 2005	\$ 11,164
June 30, 2006	9,522
June 30, 2007	8,284
June 30, 2008	<u>8,172</u>
 Total minimum lease payments	 37,142
 Less:	
Amounts representing maintenance	(688)
Amounts representing interest	<u>(5,022)</u>
 Present value of net minimum lease payments	 <u><u>\$ 31,432</u></u>

**12. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2004:

	Capital Leases	Note Payable	Total
Amount owed 06/30/03	\$ 5,950	\$ 29,864	\$ 65,678
Additions	34,152	—	34,152
Deletions	<u>(8,670)</u>	<u>(29,864)</u>	<u>(68,398)</u>
 Amount owed 06/30/04	 <u><u>\$ 31,432</u></u>	 <u><u>\$ —</u></u>	 <u><u>\$ 31,432</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of capital leases payable as of June 30, 2004:

	Capital Leases
Current portion	\$ 8,164
Long-term portion	<u>23,268</u>
 Total	 <u><u>\$ 31,432</u></u>

**WASHINGTON PARISH SHERIFF**  
Notes to the Financial Statements(Continued)

**13. OPERATING LEASES**

The Sheriff leases office space, motor pool facilities, and certain equipment under non-cancelable operating leases. Future minimum rental payments required under operating leases that have non-cancelable lease terms in excess of one year follow:

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
June 30, 2005	\$ 40,380	\$ 1,350	\$ 41,730
June 30, 2006	18,900	1,350	20,250
June 30, 2007	14,550	113	14,663
June 30, 2008	8,500	—	8,500
June 30, 2009	—	—	—
Total	<u>\$ 82,330</u>	<u>\$ 2,813</u>	<u>\$ 85,143</u>

**14. RESIDUAL EQUITY TRANSFER**

In November of 2003 the Sheriff's Office entered into an agreement with Tiger Commissary Services of Jonesboro, Arkansas. Tiger provides all inmate banking and commissary services to the Washington Parish Sheriff's Office.

Tiger supplied the Sheriff's Office with a computer and all necessary software to facilitate the processing of the inmate's banking and commissary functions. Tiger, for a fee of 22% of commissary sales, processes and delivers the inmates commissary orders, and maintains the entire banking and medical deduction system. The remaining \$15,132 in the Inmate Canteen Fund was transferred to the General Fund.

**15. JOINT VENTURE**

The Sheriff of Washington Parish together with the City of Bogalusa Police Department comprise the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the task force are funded by federal grants from the United States Department of Justice through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with contributions from the two law enforcement agencies.

## **WASHINGTON PARISH SHERIFF**

Notes to the Financial Statements(Continued)

### **16. 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 Washington Parish Council.

### **17. RISK MANAGEMENT**

The Washington Parish Sheriff participates in the Louisiana Sheriff's Law Enforcement Program to provide excess liability insurance and law enforcement professional liability insurance. During the year ended June 30, 2004, the Sheriff paid \$110,686 for this insurance coverage. A commercial carrier provides automotive insurance. During the year ended June 30, 2004, the Sheriff paid \$100,448 for this insurance coverage. There were no significant reductions in insurance coverage from the prior year.

### **18. LITIGATION AND CLAIMS**

At June 30, 2004, the Sheriff is involved in a number of lawsuits. 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.

### **19. CONTINGENT LIABILITY**

The Sheriff receives funds from a number of state and federally-assisted grants. Audits of these grants could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Sheriff's management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

## WASHINGTON PARISH SHERIFF

Notes to the Financial Statements(Continued)

### 20. CHANGES IN AGENCY FUND BALANCES

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

	Sheriff's Fund	Tax Collector Fund	Sales Tax Collector Fund	Inmate Fund	Total
Balance at 07/01/03	\$ 50,942	\$ 838,704	\$ 24,475	\$ 21,755	\$ 935,876
Additions	1,048,359	14,196,802	15,548,021	168,385	30,961,567
Deductions	1,021,671	14,142,984	15,558,118	179,158	30,901,931
Balance at 06/30/04	<u>\$ 77,630</u>	<u>\$ 892,522</u>	<u>\$ 14,378</u>	<u>\$ 10,982</u>	<u>\$ 995,512</u>

### 21. PRIOR-PERIOD ADJUSTMENTS

#### 1. Drug Task Force Match

During the fiscal year ending June 30, 2003 and June 30, 2004 the General Fund mistakenly transferred a total of \$27,889 to the Drug Task Force Fund for the Sheriff's 25% match to a federal grant. Seized and forfeited money on hand from prior years should have been used for the local match.

#### 2. Blue Cross Premium

For years, it was believed that the Blue Cross hospitalization insurance premium was paid a month in advance. In 2004 it was discovered that it was not, and that the monthly premium paid in July, 2003 should have been accrued as an expense in the fiscal year ended June 30, 2003 and reduced the fund balance of the General Fund by \$38,805.

#### 3. Compensated Absences Payable

It was determined during the current year that the accrued vacation leave of \$74,052 on June 30, 2003 would be liquidated with expendable available financial resources and should have been shown as a current liability rather than a general long-term obligation.



**WASHINGTON PARISH SHERIFF**

## Notes to the Financial Statements(Concluded)

The three prior-period adjustments that adjusted fund balances at June 30, 2003 follow:

	<u>General Fund</u>	<u>Drug Task Force Fund</u>
Balance previously reported	\$ 175,167	\$ 67,119
1. Drug Task Force Match	27,889	(27,889)
2. Blue Cross Premium	(38,805)	
3. Compensated Absences Payable	<u>(74,052)</u>	<u>          </u>
Balance as adjusted	<u>\$ 90,199</u>	<u>\$ 39,230</u>

**22. 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 \$592,025. These monies are held in escrow pending resolution of the protest.

**REQUIRED SUPPLEMENTAL INFORMATION**

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes-				
Ad valorem	\$ 1,040,000	\$ 1,140,000	\$ 1,187,859	\$ 47,859
Sales	1,970,000	1,970,000	1,892,431	(77,569)
Intergovernmental-				
Federal grants	275,000	275,000	192,147	(82,853)
State funds-				
State grants	-	-	45,245	45,245
State revenue sharing(net)	128,000	128,000	128,405	405
Other	122,000	122,000	140,685	18,685
Fees, charges, etc.	850,000	1,000,000	1,002,596	2,596
Other	150,000	300,000	283,948	(16,052)
Total revenues	<u>4,535,000</u>	<u>4,935,000</u>	<u>4,873,316</u>	<u>(61,684)</u>
<b>EXPENDITURES</b>				
Current-				
Public safety	4,555,000	5,000,000	4,966,854	33,146
Total expenditures	<u>4,555,000</u>	<u>5,000,000</u>	<u>4,966,854</u>	<u>33,146</u>
Excess (deficiency) of revenues over expenditures	(20,000)	(65,000)	(93,538)	(28,538)
<b>OTHER FINANCING SOURCES(USES)</b>				
Sale of fixed assets	20,000	20,000	15,779	(4,221)
Capital lease proceeds	-	-	34,152	34,152
Residual equity transfer	-	-	15,132	15,132
Total other financing sources(uses)	<u>20,000</u>	<u>20,000</u>	<u>65,063</u>	<u>45,063</u>
Net change in fund balance	-	(45,000)	(28,475)	16,525
Fund balance, beginning	<u>230,499</u>	<u>164,250</u>	<u>90,199</u>	<u>(74,051)</u>
Fund balance, ending	<u>\$ 230,499</u>	<u>\$ 119,250</u>	<u>\$ 61,724</u>	<u>\$ (57,526)</u>

See accompanying auditor's report.

**OTHER SUPPLEMENTAL INFORMATION**

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2004

**DRUG TASK FORCE**

The Sheriff of Washington Parish together with the City of Bogalusa Police Department comprise the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the task force are funded by a federal grant from the United States Department of Justice through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with a local match of 25% by the Sheriff.

**INMATE CANTEEN**

The Canteen Fund accounts for sales of snacks, cold drinks, personal care items, etc. to prisoners. Profits are, generally, used for jail connected expenditures. Operations of the fund were taken over by an outside firm in November, 2003, and the money remaining in the Inmate Canteen Fund was transferred to the General Fund.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

	Special Revenue Funds		
	Drug Task Force	Inmate Canteen	Total
<b>ASSETS</b>			
Cash	\$ 3,940	\$	\$ 3,940
Other receivables	7,788		7,788
Due from other funds	4,587		4,587
Total Assets	\$16,315	\$ -	\$ 16,315
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities	\$ -	\$ -	\$ -
Fund balance	16,315	-	16,315
Total Liabilities and Fund Balance	\$16,315	\$ -	\$ 16,315

See accompanying auditor's report.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2004

	Special Revenue Funds		
	Drug	Inmate	Total
	Task Force	Canteen	
<b>REVENUES</b>			
Sale of goods to inmates	\$	\$ 37,005	\$ 37,005
Intergovernmental revenues:			
Federal grants	48,445		48,445
Seized funds	3,737		3,737
Other revenues	1,094	7	1,101
Total revenues	53,276	37,012	90,288
<b>EXPENDITURES</b>			
Public safety:			
Personal services	42,851		42,851
Materials and supplies		26,212	26,212
Other direct costs	20,871		20,871
Capital outlay	12,469		12,469
Total expenditures	76,191	26,212	102,403
Excess (deficiency) of revenues over expenditures	(22,915)	10,800	(12,115)
<b>OTHER FINANCING SOURCES(USES)</b>			
Residual equity transfer	-	(15,132)	(15,132)
Total other financing sources(uses)	-	(15,132)	(15,132)
Net change in fund balances	(22,915)	(4,332)	(27,247)
Fund Balances, beginning of year	39,230	4,332	43,562
Fund Balances, end of year	\$ 16,315	\$ -	\$ 16,315

See accompanying auditor's report.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Fiduciary Funds  
For the Year Ended June 30, 2004

**SHERIFF'S FUND**

The Sheriff's Fund accounts for funds held in civil suits, sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

**TAX COLLECTOR FUND**

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

**SALES TAX COLLECTOR FUND**

The sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996. This fund accounts for the collection of those taxes and the remittance thereof to the various taxing bodies.

**INMATE FUND**

The Inmate Fund accounts 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.



**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2004

	SHERIFF'S FUND	TAX COLLECTOR FUND	SALES TAX COLLECTOR FUND	INMATE FUND	TOTAL
Unsettled balances at beginning of year	\$ 50,942	\$ 838,704	\$ 24,475	\$21,755	\$ 935,876
<b>ADDITIONS</b>					
Deposits:					
Sheriff sales	867,735				867,735
Advance deposits	26,817				26,817
Fines, Forfeitures, and costs		326,613			326,613
Garnishments	153,807				153,807
Licenses		5,698			5,698
Taxes, fees, etc., received					
Ad valorem taxes		12,937,245			12,937,245
State revenue sharing		918,465			918,465
Sales Taxes			15,546,355		15,546,355
Interest		8,781	1,666	29	10,476
Other				168,356	168,356
<b>Total additions</b>	<b>1,048,359</b>	<b>14,196,802</b>	<b>15,548,021</b>	<b>168,385</b>	<b>30,961,567</b>
<b>REDUCTIONS</b>					
Settlement payments to:					
Louisiana Dept of Forestry		19,762			19,762
Florida Parish Juvenile		309,118			309,118
Louisiana Tax Commission		3,851			3,851
LA Commission on Law Enforcement		11,814			11,814
LA Dept of Wildlife & Fisheries		6,426			6,426
LA Traumatic Head Injury		375			375
LA Dept of Corrections		711			711
State of Louisiana		1,487			1,487
St. Tammany Parish Government		10,827			10,827
Washington Parish:					
Sheriff's General Fund	140,387	1,226,224	1,777,600		3,144,211
Clerk of Court	48,196	23,369			71,565
Parish Government		2,700,672	2,566,477		5,267,149
Hospital Service District		577,487			577,487
School Board		2,943,451	2,604,072		5,547,523
Bogalusa School Board		3,345,417	2,038,449		5,383,866
Assessor		565,053			565,053
Municipalities:					
Bogalusa			5,051,387		5,051,387
Franklinton			1,465,734		1,465,734
Varnado			20,715		20,715
Angie			33,684		33,684
District Attorney		106,236			106,236
Criminal Court Fund		1,564			1,564

(Continued)

See accompanying auditor's report.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2004

	SHERIFF'S FUND	TAX COLLECTOR FUND	SALES TAX COLLECTOR FUND	INMATE FUND	TOTAL
<b>REDUCTIONS(Continued)</b>					
Washington Parish (Continued):					
Litigants, attorneys	\$ 753,147	\$	\$	\$	\$ 753,147
Pension Funds		1,289,811			1,289,811
Fire Protection District No. 1		65,227			65,227
Fire Protection District No. 2		90,535			90,535
Fire Protection District No. 3		38,280			38,280
Fire Protection District No. 4		30,593			30,593
Fire Protection District No. 5		26,754			26,754
Fire Protection District No. 6		107,128			107,128
Fire Protection District No. 7		363,044			363,044
Fire Protection District No. 8		114,213			114,213
Fire Protection District No. 9		63,918			63,918
Miscellaneous	15,960	4,421			20,381
Fines		1,584			1,584
Refunds		43,424			43,424
Redemptions	11,071	44,248			55,319
Other reductions				179,158	179,158
Advertising	26,825	5,960			32,785
Appraisers	14,150				14,150
Towing & storage	11,935				11,935
<b>Total reductions</b>	<u>1,021,671</u>	<u>14,142,984</u>	<u>15,558,118</u>	<u>179,158</u>	<u>30,901,931</u>
Unsettled balances at end of year	<u>\$ 77,630</u>	<u>\$ 892,522</u>	<u>\$ 14,378</u>	<u>\$10,982</u>	<u>\$ 995,512</u>

(Concluded)

See accompanying auditor's report.

## **OTHER REPORTS**

# RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

Honorable Aubrey Jones  
Washington Parish Sheriff  
Franklinton, Louisiana

I have audited the basic financial statements of the Washington Parish Sheriff as of and for the year ended June 30, 2004, and have issued my report thereon dated December 14, 2004. I conducted my 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 Washington Parish Sheriff's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2004-1.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Washington Parish Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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



Certified Public Accountant

Bogalusa, Louisiana  
December 14, 2004

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Schedule of Findings  
For the Year Ended June 30, 2004

I have audited the basic financial statements of Washington Parish Sheriff as of and for the year ended June 30, 2004, and have issued my report thereon dated December 14, 2004. I conducted my 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. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses [ ] Yes [X] No      Reportable Conditions [ ] Yes [X] No

Compliance

Compliance Material to Financial Statements [X] Yes [ ] No

**Section II Financial Statements Findings**

2004-1 NONCOMPLIANCE WITH SALES TAX DEDICATION

Criteria - On August 3, 1992, the voters of Washington Parish approved (for an indefinite period) a ½ percent sales tax to be effective January 1, 1993. The wording of the sales tax proposition on the voting machine dedicated various percentages of the net sales tax proceeds to certain specific uses. One of those specific uses was: "Forty (40) percent to the purchase, maintenance, and support (emphasis added) of law enforcement vehicles and equipment".

Condition - The attorney for the Sheriff in 1992 was of the opinion that the word support was extremely broad. He stated that "any expenditure, therefore, which could reasonably be calculated to pay the cost of, maintain or promote the interests of either deputies or their equipment would be allowed by the language in the proposition". Accordingly, the cost of patrol salaries was used to meet the 40% requirement for "support of law enforcement vehicles and equipment". However, on April 25, 2003 the Attorney General rendered an opinion that the word "support" did not include the cost of patrol salaries. The Sheriff has not complied with the Attorney General's opinion.

(Continued)

See accompanying auditor's report.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Schedule of Findings  
For the Year Ended June 30, 2004

**Section II Financial Statements Findings(Cont'd)**

2004-1 NONCOMPLIANCE WITH SALES TAX DEDICATION(Cont'd)

Auditor's Recommendation - The sales tax dedication should be complied with or changed.

Management's Response - It is the intention of the Sheriff to comply with the intent of the ½ cent sales tax. In the opinion of the Sheriff's office attorney at the time of the passage of this tax, "support" included the salary and related personnel benefits of the deputies driving the vehicles. This was the understanding when the 40% rate of dedication was agreed to. Subsequently in August of 2003, the Attorney General rendered an opinion that the use of the dedicated funds to pay salaries is not included in the definition of "support". The Sheriff is exploring the opportunity to have a voter-approved change in this dedication amount in order to solidify the future financial stability of the Sheriff's office.

(Concluded)

See accompanying auditor's report.

**WASHINGTON PARISH SHERIFF**  
 Franklinton, Louisiana  
 Schedule of Prior-Year Findings  
 For the Year Ended June 30, 2004

Ref No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action Taken (Yes, No, Partially)
2003-1	2001	On August 3, 1992, the voters of Washington Parish approved (for an indefinite period) a ½ percent sales tax to be effective January 1, 1993. The wording of the sales tax proposition on the voting machine dedicated various percentages of the net sales tax proceeds to certain specific uses. One of those specific uses was: "Forty (40) percent to the purchase, maintenance, and support of law enforcement vehicles and equipment".	Not resolved. See 2004-1.
2003-2	2003	State law (R.S. 24:513) requires that audits be completed within six-months of the close of the year.	Resolved.

See accompanying auditor's report.