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REPORT  
ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
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

ST. BERNARD PARISH SHERIFF

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## INDEPENDENT AUDITOR'S REPORT

October 8, 2004

Honorable Jack A. Stephens  
St. Bernard Parish Sheriff  
Chalmette, Louisiana 70043

We have audited the accompanying basic financial statements of the St. Bernard Parish Sheriff as of and for the year ended June 30, 2004, as listed in the index to the report. These basic financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 2004 on our consideration of the St. Bernard 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 Management's Discussion and Analysis and the other required supplementary information on pages 3 through 10 and 34, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements, taken as a whole. The other supplementary information contained on pages 35 through 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements of St. Bernard Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2004  
(Unaudited)

Within this section of the St. Bernard Parish Sheriff (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2004. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

*The Sheriff's assets exceeded its liabilities by \$4,987,413 (net assets) for the fiscal year reported.*

Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$1,089,889 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets.
2. Unrestricted net assets of \$3,897,524 represent the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.

The Sheriff's governmental funds reported total ending fund balance of \$3,955,337. This compares to the prior year ending fund balance of \$4,120,670 showing a decrease of \$165,333 during the current year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,955,337 or 22% of total General Fund expenditures and 23% of total General Fund revenues including transfers.

Overall, the Sheriff's office continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes in this report additional information to supplement the basic financial statements.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2004  
(Unaudited)

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff's would extend to other nonfinancial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statements of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenue provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety.

The government-wide financial statements are presented on pages 11 and 12 of this report.

## FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff's uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff has one fund.

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.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2004  
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FUND FINANCIAL STATEMENTS (Continued)

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.

The basic governmental fund financial statements are presented on pages 13-16 of this report.

Fiduciary funds are reported on the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds.

The basic agency fund financial statement is presented on page 17 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

OTHER INFORMATION

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 governmental fund. This statement demonstrates compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found beginning on page 34 of this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Dollars are in Thousands)

The Sheriff implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2003. 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's as a whole.



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FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Dollars are in Thousands) (Continued)

The Sheriff's net assets at fiscal year-end are \$4,987,413. The following table provides a summary of the Sheriff's net assets:

Summary of Net Assets

	2004 Governmental Activities	Percentage Total	2003 Governmental Activities	Percentage Total
<b>Assets:</b>				
Current assets and other assets	\$ 4,772,037	79%	\$ 4,759,139	80%
Capital assets, net	<u>1,301,380</u>	<u>21</u>	<u>1,161,545</u>	<u>20</u>
Total	<u>6,073,417</u>	<u>100%</u>	<u>5,920,684</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	969,504	89%	638,469	84%
Long-term liabilities	<u>116,500</u>	<u>11</u>	<u>117,813</u>	<u>16</u>
Total liabilities	<u>1,086,004</u>	<u>100%</u>	<u>756,282</u>	<u>100%</u>
<b>Net Assets:</b>				
Investment in capital assets, net of debt	1,089,889	22%	1,085,120	21%
Unrestricted	<u>3,897,524</u>	<u>78</u>	<u>4,079,282</u>	<u>79</u>
Total	<u>\$ 4,987,413</u>	<u>100%</u>	<u>\$ 5,164,402</u>	<u>100%</u>

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 4.4 to 1.

The Sheriff reported positive balances in net assets for the governmental activities. Net assets decreased \$176,989 for governmental activities in fiscal 2004.

Note that only 22% of the governmental activities' net assets are tied up in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

The following table provides a summary of the Sheriff's changes in net assets:

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
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FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Dollars are in Thousands) (Continued)

Summary of Changes in Net Assets

	2004	Percentage	2003	Percentage
	<u>Governmental</u>	<u>Total</u>	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>		<u>Activities</u>	
Revenues:				
Program:				
Charges for services/fines	6,787,411	40%	\$ 6,919,657	41%
Operating grants	955,085	6	1,013,658	6
General:				
Property taxes	3,999,394	23	3,588,477	21
Sales tax	3,987,185	23	3,954,630	23
Unrestricted state grants	956,658	6	899,623	5
Interest	29,476	0	34,541	0
Miscellaneous	<u>364,108</u>	<u>2</u>	<u>733,969</u>	<u>4</u>
Total revenues	<u>17,079,317</u>	<u>100</u>	<u>17,144,555</u>	<u>100</u>
Program expenses:				
Public safety	17,250,715	100	15,965,897	100
Interest	<u>5,591</u>	<u>0</u>	<u>8,453</u>	<u>0</u>
Total expenses	<u>17,256,306</u>	<u>100%</u>	<u>15,974,350</u>	<u>100%</u>
Change in net assets	(176,989)		1,170,205	
Beginning net assets	<u>5,164,402</u>		<u>3,994,197</u>	
Ending net assets	\$ <u>4,987,413</u>		\$ <u>5,164,402</u>	

GOVERNMENTAL REVENUES

The Sheriff is heavily reliant on property taxes to support its operations. Property taxes provided 23% of the Sheriff's total revenues. Because of the Sheriff's healthy financial position, we have been able to earn \$29,476 in interest earnings to support governmental activities. Also, note that program revenues cover only 45% of governmental operating expenses. This means that the government's taxpayers and the Sheriff's other general revenues fund 55% of its operations.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Unaudited)

## GOVERNMENTAL FUNCTIONAL EXPENSES

The total function of the Sheriff's office is public safety activities. Of the total costs, depreciation on the building improvements, vehicles, office furniture and equipment and law enforcement weapons and communication equipment was \$385,439 or 2% of total expenses.

## FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

### Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,955,337. Of this year-end total, \$3,955,337 or 100% is unreserved indicating availability for continuing the Sheriff's activities.

The total ending fund balances of governmental funds show a decrease of \$165,333.

## MAJOR GOVERNMENTAL FUNDS

The 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 \$165,333 from the prior year.

Two factors contributed to this change. In the prior year, the receipt of \$152,681 from FEMA for storm related expenses and the receipt of \$509,615, which consisted of the Sheriff's portion from drug bust.

Operating expenditures were approximately \$17.5 million or 9% greater than fiscal year 2003. Non-personnel operating costs increased approximately \$526,931 or 14% over the prior year. Some of the reasons for the increase were related to the purchase of twenty-four new vehicles, insurance, professional fees and expenses related to prisoner care.

## BUDGETARY HIGHLIGHTS

### General Fund

The General Fund's original revenue budget was less than the actual amounts reported in fiscal year 2003. However, the final revenue budget was less than the actual amounts reported in fiscal year 2003.

The original expenditure budget reported a decrease of 4% over the actual 2003 amounts. The decrease in the budget related to the reduction in personal services and related benefits.

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JUNE 30, 2004  
(Unaudited)

BUDGETARY HIGHLIGHTS (Continued)

General Fund (Continued)

The final amended budget reported revenues increasing 4.6% over the original budget. Actual revenue exceeded the amended budget by 4.1%. The expenditure amended budget increased 3% over the original budget. Actual expenditures exceeded the amended budget by 10.7%.

Although the overall increase in the amended budget was small, some of the reasons for the changes in the expenditure budget included:

- \* A reduction in sales tax revenue
- \* An increase in hospitalization insurance premiums

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2004, was \$1,301,380. The overall increase was \$139,835 for the Sheriff as a whole. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets	Governmental Activities	
	2004	2003
Depreciable assets:		
Land & building improvements	\$ 467,009	\$ 465,034
Vehicle	2,266,150	2,189,438
Office furniture & equipment	1,050,007	1,011,493
Law enforcement weapons and communications equipment	533,211	522,774
Total depreciable assets	4,316,377	4,188,739
Less accumulated depreciation	3,014,997	3,027,194
Book value – depreciation assets	\$ 1,301,380	\$ 1,161,545
Percentage depreciated	70%	72%

At June 30, 2004, the depreciable capital assets for governmental activities were 70% depreciated versus 72% in the prior year.

The major additions to the vehicle account includes:

Twenty-four new vehicles    \$474,348    (an average cost of \$19,765)

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CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Leases Payable

At the end of the fiscal year, the Sheriff had capital leases outstanding of \$211,491, related to vehicles.

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, contact Jack Stephens, Sheriff, St. Bernard Parish Sheriff and Tax Collector, P.O. Box 168, Chalmette, LA 70044.

ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

## ASSETS:

## Current assets:

Cash	\$ 3,100,379
Due from other governmental units	422,199
Due from other funds	1,122,272
Prepaid items	127,187
Capital assets, net	<u>1,301,380</u>
Total assets	<u>6,073,417</u>

## LIABILITIES:

## Current liabilities:

Accounts and other accrued payables	728,139
Due to other funds	3,561
Capital lease payable	152,804
Claims payable	85,000

## Noncurrent liabilities:

Capital lease payable	58,687
Claims payable	<u>57,813</u>
Total liabilities	<u>1,086,004</u>

## NET ASSETS:

Investment in capital assets, net of related debt	1,089,889
Unrestricted	<u>3,897,524</u>
Total net assets	<u>\$ 4,987,413</u>

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

ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Public safety	\$ 17,250,715	\$ 6,787,411	\$ 955,085	\$ (9,508,219)
Interest on long-term debt	<u>5,591</u>	<u>-</u>	<u>-</u>	<u>(5,591)</u>
 Total	 <u>\$ 17,256,306</u>	 <u>\$ 6,787,411</u>	 <u>\$ 955,085</u>	 <u>(9,513,810)</u>
General revenues:				
Taxes-				
Sales and property taxes, levied for general purposes				7,986,579
Grants and contributions not restricted to specific programs - State sources				956,658
Interest earnings				29,476
Miscellaneous				<u>364,108</u>
Total general revenues				<u>9,336,821</u>
Change in net assets				(176,989)
Net assets - July 1, 2003				<u>5,164,402</u>
Net assets - June 30, 2004				<u>\$ 4,987,413</u>

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

ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
FUND FINANCIAL STATEMENT  
BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND  
JUNE 30, 2004

ASSETS

Cash	\$ 3,100,379
Receivables:	
Due from other governmental units	422,199
Due from other funds	1,122,272
Prepaid expenditures	127,187
Total assets	<u>\$ 4,772,037</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts, salaries and withholdings payable	\$ 728,139
Due to other funds	3,561
Claims payable	85,000
Total liabilities	<u>816,700</u>
Fund balances:	
Unreserved, undesignated	<u>3,955,337</u>
Total fund balances	<u>3,955,337</u>
Total liabilities and fund balances	<u>\$ 4,772,037</u>

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



ST BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS  
 TO THE STATEMENTS OF NET ASSETS  
JUNE 30, 2004

Total fund balances for governmental funds at June 30, 2004	\$ 3,955,337
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land and building improvements, net of \$106,681 accumulated depreciation	\$ 360,328
Vehicles, net of \$1,557,024 accumulated depreciation	709,126
Equipment and furniture, net of \$866,228 accumulated depreciation	183,779
Law enforcement weapons and communications equipment, net of \$485,064 accumulated depreciation	<u>48,147</u>
	1,301,380
Long-term liabilities at June 30, 2004	
Capital lease obligation	(211,491)
Claims payable	<u>(57,813)</u>
Total net assets of governmental activities at June 30, 2004	<u>\$ 4,987,413</u>

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

ST BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUND - GENERAL FUND  
YEAR ENDED JUNE 30, 2004

Revenues:	
Ad valorem taxes	\$ 3,999,394
Sales taxes	3,987,185
Intergovernmental revenues:	
Federal grants & state grants	283,986
State revenue sharing	330,006
State supplemental pay	671,099
Video Poker	626,652
Fees, charges and commissions for services:	
Commissions on sales taxes, licenses, etc.	2,788,119
Prisoner care and maintenance	2,661,815
Civil and criminal fees and court cost	648,141
Detail income	689,335
Interest income	29,476
Other	364,108
Total revenues	<u>17,079,316</u>
Expenditures:	
Public safety:	
Personnel services and related benefits	13,322,116
Operating services	2,606,603
Material and supplies	624,752
Travel and other charges	80,902
Debt service:	
Principal payments	183,071
Interest payments	5,591
Capital outlay	525,275
Miscellaneous	214,476
Total expenditures	<u>17,562,786</u>
Excess of expenditures over revenues	(483,470)
Other financing sources:	
Capital leases	<u>318,137</u>
Excess of expenditures over revenues and other financing sources	(165,333)
Fund balances, beginning	<u>4,120,670</u>
Fund balances, ending	<u>\$ 3,955,337</u>

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

ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

Total net changes in fund balances at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (165,333)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 525,275
Depreciation expense for the year ended June 30, 2004	<u>(385,440)</u> 139,835
Capital lease retirement considered as an expenditure on statement, net of amount reported in prior year \$76,425	106,646
New capital leases reflected as other financing source	(318,137)
Claims reported as an expense in the current year fund statement but expense in prior year statement of activities	<u>60,000</u>
Total changes in net assets at June 30, 2004 per Statement of Activities	<u>\$ (176,989)</u>

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

ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
FUND FINANCIAL STATEMENTS  
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2004

ASSETS

Cash	\$ 5,367,341
Due from other funds	<u>3,561</u>
Total assets	<u>\$ 5,370,902</u>

LIABILITIES

Due to other funds	\$ 1,122,272
Due to taxing bodies, prisoners and others	<u>4,248,630</u>
Total liabilities	<u>\$ 5,370,902</u>

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

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

## INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the St. Bernard Parish Sheriff (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, sporting licenses, 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 St. Bernard Parish Sheriff conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, *Audits of States and Local Governmental Units*.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### REPORTING ENTITY

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipts and disbursement funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent.

Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and other government units within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION

The accompanying basic financial statements of the St. Bernard 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.

Government-Wide Financial Statements (GWFS)

The Statements of Net Assets and the Statements of Activities display information about the Sheriff as a whole. These include all the financial activities of the Sheriff. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff 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 and charges paid by the recipients of services offered by the Sheriff's, and (b) grants and contributions that are restricted to meeting the operational or capital requirement 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. Funds accounting is designed to demonstrate legal compliance and to aid management by segregating transaction 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 two categories: governmental and fiduciary. The emphasis on the 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 expenditure 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:

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION (Continued)

Governmental Funds

General Fund is 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.

Fiduciary Fund

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.

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 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 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 revenue 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 practice in recording revenues and expenditures:

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

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 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year.

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

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

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.

Deferred Revenues

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

BUDGETS

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.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BUDGETS (Continued)

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. The net effect of the amendments was not material in relation to the original appropriations.

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.*

INVESTMENTS

Under state law, the Sheriff may deposit funds with a fiscal agent 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 United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. See note 2 for the detail on investments and collateralization.

SHORT-TERM INTERFUND RECEIVABLE/PAYABLES

During the course of operations, transactions can occur between individual funds. 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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

PREPAID ITEMS

Insurance payments paid to insurance agencies that will benefit periods beyond June 30, 2004 are recorded as prepaid items.

CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available (or describe other method of valuation). 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 \$1,000 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Electrical/Plumbing/Roofing	30
Office equipment and furniture	5 – 7
Vehicles	5
Improvements- carpet	7
HVAC Systems (Air Conditioning)	20

COMPENSATED ABSENCES

The Sheriff's office has the following policy relating to vacation and sick leave:

Employees earn vacation based on continuous service as follows:

<u>Time in Service</u>	<u>Vacation Earned</u>
Up to 3 years	10 days per year
4 to 10 years	15 days per year
over 10 years	20 days per year

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

COMPENSATED ABSENCES (Continued)

Annual leave cannot be accumulated and must be used in the year earned.

Sick leave is earned at a rate of one day per month of service and can be accumulated up to 90 days. Sick leave is lost upon termination. The cost of current leave privileges is recognized as current-year expenditure in the governmental fund when the leave is actually taken. At June 30, 2004, there are no accumulated and vested leave privileges to be accrued in accordance with government standards.

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.

FUND EQUITY

In the fund financial statements, governmental funds report 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.

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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. CASH AND INTEREST BEARING DEPOSITS:

Under state law, the Sheriff may deposit funds with 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 \$8,467,720 as follows:

	Government-wide Statement of <u>Net Assets</u>	Fiduciary Fund Statement of <u>Net Assets</u>	<u>Total</u>
Non-interest-bearing deposits	\$ 565	\$ --	\$ 565
Interest-bearing deposits	<u>3,099,814</u>	<u>5,367,341</u>	<u>8,467,155</u>
TOTAL	<u>\$ 3,100,379</u>	<u>\$ 5,367,341</u>	<u>\$ 8,467,720</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 by a custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004, are secured as follows:

Bank balances	<u>\$ 8,233,642</u>
Federal deposit insurance	\$ 100,000
Pledged securities	<u>8,133,642</u>
Total	<u>\$ 8,233,642</u>

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2. CASH AND INTEREST BEARING DEPOSITS: (Continued)

Pledged securities in Category 3 includes uninsured or unregistered investments of which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Sheriff 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.

3. INVESTMENTS:

The Sheriff can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Sheriff's investments are categorized to give an indication of the level of risk assumed by it at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Sheriff or its agent in the Sheriff's name. Category 2 includes uninsured and unregistered investments with securities held by counterparty's trust department or agent in the Sheriff's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Sheriff's name.

4. AD VALOREM TAXES:

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 31 becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Bernard 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.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2004, law enforcement taxes applicable to the Sheriff's General Fund were levied at the rate of 15.68 mills on property with net assessed valuations totaling \$5,822,388.

Total law enforcement taxes levied during 2004 were \$4,016,144.

5. DUE FROM OTHER GOVERNMENTAL UNITS:

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

St. Bernard Parish Government	\$ 15,380
Other parishes	20,010
State of Louisiana	319,189
U.S. Government	<u>107,620</u>
	462,199
Less allowance	<u>40,000</u>
TOTAL	<u>\$ 422,199</u>

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6. CAPITAL ASSETS:

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

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Land and building improvements	\$ 465,034	\$ 1,975	\$ --	\$ 467,009
Vehicles	2,189,438	474,348	397,636	2,266,150
Office furniture and equipment	1,011,493	38,514	--	1,050,007
Law enforcement weapons and communications equipment	<u>522,774</u>	<u>10,437</u>	<u>--</u>	<u>533,211</u>
Total	<u>4,188,739</u>	<u>525,274</u>	<u>397,636</u>	<u>4,316,377</u>
Less: accumulated depreciation				
Land and building improvements	95,755	10,926	--	106,681
Vehicles	1,705,143	249,517	397,636	1,557,024
Office furniture and equipment	775,767	90,461	--	866,228
Law enforcement weapons and communications equipment	<u>450,529</u>	<u>34,535</u>	<u>--</u>	<u>485,064</u>
Total	<u>3,027,194</u>	<u>385,439</u>	<u>397,636</u>	<u>3,014,997</u>
Net capital assets	\$ <u>1,161,545</u>	\$ <u>139,835</u>	\$ <u>--</u>	\$ <u>1,301,380</u>

7. PENSION PLAN:

*Plan description.* Substantially all employees of the St. Bernard Parish Sheriff's Office are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

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7. PENSION PLAN: (Continued)

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Members with twenty or more years of service may retire with a reduced retirement at age fifty. The plan provides for retirement eligibility with 30 years of service credit regardless of age. 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 2.5 percent for each year if total service is at least 12 but less than 15 years, 2.75 percent for each year if total service is at least 15 but less than 20 years, and 3 percent for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined 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 55 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. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

*Funding Policy:* Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the St. Bernard Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.25 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the St. Bernard Parish Sheriff are established and may be amended by state statute. As provided by R.S. 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 St. Bernard Parish Sheriff's contributions to the System for the years ending June 30, 2004, 2003, 2002 and 2001, were \$764,431, \$593,810, \$484,798 and \$414,656, respectively, equal to the required contributions for each year.

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8. DEFERRED COMPENSATION PENSION FUND:

All employees of the St. Bernard Parish Sheriff are required by law to contribute to a pension fund. Those employees who are not Sheriffs or deputies and therefore not eligible to participate in the Louisiana Sheriffs' Pension and Relief Fund pension plan (see note 7), have the option of participating in the Louisiana Public Employees' Deferred Compensation Plan, or the Public Employees Benefit Services Corporation Deferred Compensation Program.

The Louisiana Public Employees' Deferred Compensation Plan (the "Plan") was adopted by the Louisiana Deferred Compensation Commission, effective September 15, 1982. The Plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees and independent contractors by permitting such individuals to defer a portion of compensation to be invested and distributed in accordance with the terms of the Plan.

*Effective September 14, 1987, the Plan was amended and restated in its entirety. The restated Plan superseded all plans and rules previously adopted in connection with the Louisiana Public Employees' Deferred Compensation Plan.*

The plan document states that no fund or other account shall be established to provide benefits under the terms of the Plan. Effective January 1, 2000, the Plan was amended whereby all compensation deferred under the Plan, all property and rights purchased with such amounts and all income attributed to such amounts, property or rights shall be held for the exclusive benefit of participants and their beneficiaries. The maximum amount of compensation, which may be deferred during a calendar year, is limited by the Internal Revenue Code. The amount of the compensation deferred is reduced by compensation excludible from a participant's gross income under Internal Revenue Code Section 403(b), if any, which is attributable to contributions made by the employer.

The following is a summary of the payrolls covered and contributions made to the plan during fiscal year ended June 30, 2004

Total covered payroll		\$ <u>239,878</u>
	<u>6/30/04</u>	
	<u>Percent</u>	<u>Amount</u>
Contributions		
Employer	5.0%	\$ 12,110
Employee	<u>8.2%</u>	<u>19,604</u>
Total	<u>13.2%</u>	<u>\$ 31,714</u>



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8. DEFERRED COMPENSATION PENSION FUND: (Continued)

The Public Employees Benefit Services Corporation Deferred Compensation Program (the Program) was adopted effective March 1, 1996. The Program was established in accordance with section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting such individuals to defer a portion of compensation to be invested and distributed in accordance with the terms of the Program.

Effective September 25, 1998, the Plan was amended whereby all assets and income are held in a trust custodial account for the exclusive benefit of the participants and their beneficiaries.

The maximum amount of compensation, which may be deferred during a calendar year, is limited by the Internal Revenue Code.

The following is a summary of the deferrals made to the Program during the fiscal year ended June 30, 2004:

Total covered payroll		\$ <u>459,389</u>
	<u>6/30/04</u>	
	<u>Percent</u>	<u>Amount</u>
Contributions		
Employer	5.0 %	\$ 22,970
Employee	<u>16.2%</u>	<u>74,458</u>
Total	<u>21.2%</u>	<u>\$ 97,428</u>

Additional information relating to benefits payable under the Plans is provided in the Plan documents.

9. CHANGES IN AGENCY FUND BALANCES:

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

	Tax <u>Collector Fund</u>	<u>Civil Fund</u>	Cash <u>Bond Fund</u>	Inmate <u>Deposit Fund</u>
Balances, June 30, 2003	\$ 3,721,284	\$ 107,453	\$ 275,825	\$ 19,051
Additions	72,319,337	1,947,716	132,352	302,789
Reductions	<u>(72,306,711)</u>	<u>(1,860,153)</u>	<u>(121,850)</u>	<u>(288,463)</u>
Balances, June 30, 2004	\$ <u>3,733,910</u>	\$ <u>195,016</u>	\$ <u>286,327</u>	\$ <u>33,377</u>

10. TAXES PAID UNDER PROTEST:

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2004, include \$1,197,342 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.

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11. LITIGATION AND CLAIMS:

At June 30, 2004, the St. Bernard Parish Sheriff is a defendant in several lawsuits seeking damages. These lawsuits are in various stages of resolution and since these cases and claims are characterized by conditions and complexities estimation of the ultimate liability is extremely difficult. In cases where judgments have been reached, Louisiana courts have ruled that plaintiffs cannot seize the assets of the Sheriff. Accordingly, no provisions for any liability that may result is made in the financial statements until the funds are appropriated by the Sheriff.

The largest exposure related to claims and judgments at June 30, 2004 is estimated at \$142,813. The total amount has been recorded as a liability in the statement of net assets, \$85,000 of which is a current liability and the remaining \$57,813 balance will be incurred in future years.

12. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL:

The Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the parish courthouse, as required by statute, is paid by the St. Bernard Parish Council. These expenditures are not included in the accompanying financial statements.

13. RISK MANAGEMENT:

The Sheriff is exposed to risks of loss in the areas of auto liability, professional law enforcement liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. During the current year, the Sheriff obtained approval to dispense with the re-insurance policy requirements in the self-insurance workers' compensation program.

14. INTERFUND TRANSACTIONS:

Receivable and Payables

Interfund receivables and payables consisted of amounts due to/from other funds for fees earned for services performed. They consisted of the following at June 30, 2004:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,122,272	\$ 3,561
Agency Fund:		
Sheriff's Fund Cash Bond Fund	3,561	--
Tax Collector Fund	--	<u>1,122,272</u>
	<u>\$ 1,125,833</u>	<u>\$ 1,125,833</u>

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15. LEASES

The Sheriff records assets acquired through capital leases as an asset and an obligation in the accompanying financial statements. Leases have been entered into to provide automobiles. During the fiscal year ended June 30, 2004, new leases were entered into for fifteen Ford Crown Victorias and one Ford Expedition. The following is an analysis of capital leases as of June 30, 2004:

	ASSETS ON LEASE – COST			
	Balance <u>July 1, 2003</u>	New Leases/ <u>Adjustment</u>	Leases <u>Paid Out</u>	Balance <u>June 30, 2004</u>
Vehicles	\$ <u>176,468</u>	\$ <u>318,137</u>	\$ <u>176,468</u>	\$ <u>318,137</u>

All of the equipment relating to leases paid out during the year was retained by the Sheriff by exercising options to retain title. In most cases leases allowed transfer at end of lease, in other cases a minimal one dollar payment was required to transfer ownership.

Future minimum lease payments under capital leases, together with the present value of net minimum lease payments, as of June 30, 2004, are scheduled as follows:

Fiscal year:	2004 - 2005	\$ 156,058
	2005 - 2006	<u>59,251</u>
	Total minimum lease payments	215,309
	Less: Amounts representing interest	<u>3,818</u>
	Net minimum lease payments	\$ <u>211,491</u>

The Sheriff has entered into operating leases for buildings used as substations and an equipment storage, repair and communication facility. The minimum lease payments due under the lease are as follows:

Fiscal year:	2005	\$ 24,600
	2006	12,000
	2007	12,000
	2008	12,000
	2009	12,000
	Thereafter	<u>348,000</u>
		\$ <u>420,600</u>

Total rent expense incurred during the fiscal year ended June 30, 2004 was \$43,146.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

18. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

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

	Claims Payable <u>(Note 11)</u>	Capital Leases <u>(Note 15)</u>
Obligations payable at July 1, 2003	\$ 197,813	\$ 76,425
Additions	25,000	318,137
Deductions	<u>(80,000)</u>	<u>(183,071)</u>
Obligations payable at June 30, 2004	142,813	211,491
Less: Current portion	<u>85,000</u>	<u>152,804</u>
Long-term obligations payable at June 30, 2004	\$ <u>57,813</u>	\$ <u>58,687</u>

ST BERNARD PARISH SHERIFF'S OFFICE  
CHALMETTE, LOUISIANA  
SUPPLEMENTARY INFORMATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem	\$ 2,850,000	\$ 3,700,000	\$ 3,999,394	\$ 299,394
Sales taxes	4,003,908	3,700,000	3,987,185	287,185
Video poker	418,260	418,260	626,652	208,392
Intergovernmental revenues:				
Operating federal, state and other grants	154,535	170,000	283,986	113,986
Other state grants:				
State supplemental pay	743,208	743,208	671,099	(72,109)
State revenue sharing	329,091	329,091	330,006	915
Fees, charges and commissions for services:				
Commissions:				
Sales taxes, licenses, etc.	2,414,056	2,414,056	2,788,119	374,063
Prisoner care and maintenance	2,344,730	2,500,000	2,661,815	161,815
Civil and criminal fees and court costs	1,254,652	1,254,652	648,141	(606,511)
Interest	38,589	38,589	29,476	(9,113)
Other	1,138,238	1,138,238	1,053,443	(84,795)
Total revenue	<u>15,689,267</u>	<u>16,406,094</u>	<u>17,079,316</u>	<u>673,222</u>
Expenditures:				
Current				
Public safety:				
Personal services and related benefits	11,641,245	12,100,000	13,322,116	1,222,116
Operating services	3,040,549	3,040,549	2,606,603	(433,946)
Materials and supplies	286,073	286,073	624,752	338,679
Travel and other charges	20,340	20,340	80,902	60,562
Debt services	151,768	151,768	188,662	36,894
Capital outlay	231,350	231,350	525,275	293,925
Miscellaneous	29,390	29,390	214,476	185,086
Total expenditures	<u>15,400,715</u>	<u>15,859,470</u>	<u>17,562,786</u>	<u>1,703,316</u>
Excess (deficiency) of revenues over expenditures	<u>288,552</u>	<u>546,624</u>	<u>(483,470)</u>	<u>(1,030,094)</u>
Other financing sources:				
Capital leases	163,253	176,468	318,137	141,669
Total other financing sources	<u>163,253</u>	<u>176,468</u>	<u>318,137</u>	<u>141,669</u>
Excess (deficiency) of revenues and other financing sources over expenditures	451,805	723,092	(165,333)	(888,425)
Fund balance, beginning	<u>3,360,836</u>	<u>3,632,123</u>	<u>4,120,670</u>	<u>488,547</u>
Fund balance, ending	<u>\$ 3,812,641</u>	<u>\$ 4,355,215</u>	<u>\$ 3,955,337</u>	<u>\$ (399,878)</u>

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SUPPLEMENTARY INFORMATION SCHEDULES  
YEAR ENDED JUNE 30, 2004

FIDUCIARY FUNDS - AGENCY FUNDS DESCRIPTIONS

TAX COLLECTOR FUND

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

CIVIL FUND

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

CASH BOND FUND

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

INMATE DEPOSIT FUND

To account for the receipts and disbursements made to the individual prison inmate accounts.

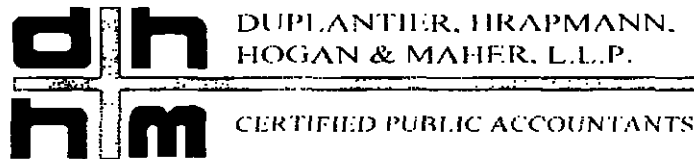
ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
FIDUCIARY FUND TYPE - AGENCY FUNDS  
SUPPLEMENTARY INFORMATION  
COMBINING BALANCE SHEET  
JUNE 30, 2004

	<u>Tax Collector Fund</u>	<u>Civil Fund</u>	<u>Cash Bond Fund</u>	<u>Inmate Deposit Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 4,856.182	\$ 195.016	\$ 282,766	\$ 33,377	\$ 5,367,341
Due from other funds	<u>-</u>	<u>-</u>	<u>3,561</u>	<u>-</u>	<u>3,561</u>
Total assets	<u>\$ 4,856,182</u>	<u>\$ 195,016</u>	<u>\$ 286,327</u>	<u>\$ 33,377</u>	<u>\$ 5,370,902</u>
LIABILITIES					
Due to other funds	\$ 1,122,272	\$ -	\$ -	\$ -	\$ 1,122,272
Due to taxing bodies, prisoners and others	<u>3,733,910</u>	<u>195,016</u>	<u>286,327</u>	<u>33,377</u>	<u>4,248,630</u>
Total liabilities	<u>\$ 4,856,182</u>	<u>\$ 195,016</u>	<u>\$ 286,327</u>	<u>\$ 33,377</u>	<u>\$ 5,370,902</u>

ST BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FIDUCIARY FUND TYPE - AGENCY FUNDS  
 SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2004

	Tax Collector Fund	Civil Fund	Cash Bond Fund	Inmate Deposit Fund	Total
Balances, beginning of year	\$ <u>3,721,284</u>	\$ <u>107,453</u>	\$ <u>275,825</u>	\$ <u>19,051</u>	\$ <u>4,123,613</u>
Additions:					
Deposits:					
Judicial sales & costs	-	1,945,524	-	-	1,945,524
Bonds	-	-	129,500	-	129,500
Inmate deposits	-	-	-	302,613	302,613
Taxes, fees, etc..					
paid to tax collector	72,266,893	-	-	-	72,266,893
Interest	<u>52,444</u>	<u>2,192</u>	<u>2,852</u>	<u>176</u>	<u>57,664</u>
Total additions	<u>72,319,337</u>	<u>1,947,716</u>	<u>132,352</u>	<u>302,789</u>	<u>74,702,194</u>
Reductions:					
Taxes, fees, deposits, etc..					
distributed to taxing					
bodies and others	72,236,262	1,860,153	121,850	-	74,218,265
Deposits settled to -					
Inmates	-	-	-	288,463	288,463
Other reductions:					
Restitution and refunds	<u>70,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,449</u>
Total reductions	<u>72,306,711</u>	<u>1,860,153</u>	<u>121,850</u>	<u>288,463</u>	<u>74,577,177</u>
BALANCES, END OF YEAR	\$ <u><u>3,733,910</u></u>	\$ <u><u>195,016</u></u>	\$ <u><u>286,327</u></u>	\$ <u><u>33,377</u></u>	\$ <u><u>4,248,630</u></u>





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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA C.P.A.'S

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

October 8, 2004

Honorable Jack A. Stephens  
St. Bernard Parish Sheriff  
Chalmette, Louisiana

We have audited the basic financial statements of the St. Bernard Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 8, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned cost as item 04-01.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

This report is intended for the information of the management of the St. Bernard Parish Sheriff and the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

ST BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SUPPLEMENTARY INFORMATION  
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<b>Current Year - (6/30/04)</b>						
04-01	6/30/2004	Budget not amended in accordance with LRS 39:1310-11	Yes	Monitoring procedures established to provide for budget revision when necessary	Jack Stephens Sheriff	January 2005
<b>Prior Year - (6/30/03)</b>						
03-01	6/30/2003	Bank accounts not reconciled to general ledger on timely basis	Yes	Procedures established to perform reconciliations	Jack Stephens Sheriff	January 2004
03-02	6/30/2003	Lack of review of general ledger for miscodings	Yes	Procedures established to provide for regular reviews	Jack Stephens Sheriff	January 2004

ST. BERNARD PARISH SHERIFF  
LEGISLATIVE AUDITOR - DATA COLLECTION FORM  
FOR THE YEAR ENDED JUNE 30, 2004

SECTION 8 - COMPLIANCE:

The following instance of noncompliance was noted:

04-1 Budget Amendments:

Louisiana Revised Statute 39:1310-1311 requires the amendment of the original adopted budget as amended, when actual expenditures and other uses exceed budgeted expenditures and other uses by five percent or more.

Management's Response:

Procedures are being established to ensure that the budget is amended when required by state law.

SECTION 11 - SCHEDULE OF PRIOR YEAR FINDINGS:

The following recommendations were included in the prior year's management letter:

03-1 Performing Timely Bank Reconciliations:

During the audit, we noted that bank statements for the Sheriff and Tax Collector's various cash accounts were not reconciled to the general ledger until the end of the year. This resulted in many deposits and incoming and outgoing wire transfers not being recorded in the general ledger until year end. This practice, while not providing for an adequate safeguarding of assets during the year, also made it difficult to effectively manage cash flows. We recommended that all the bank accounts be reconciled to the general ledger and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanations.

Management's Response:

Procedures were established to ensure that all bank accounts are reconciled to the general ledger on a timely basis.

03-2 Performing General Ledger Reviews:

During the audit, we noted that there was a certain lack of review in many revenue and expense accounts. Accounting tasks such as monthly reconciliations and reviews are necessary for accuracy of accounting data and accurate financial statements. We suggested that the St. Bernard Parish Sheriff establish effective review and reconciliation policies and procedures as a customary part of the accounting process.

Management's Response:

Procedures were established to eliminate miscodings and provide for regular reviews of the general ledger.



*Sheriff Jack A. Stephens*  
**St. Bernard Parish Sheriff's Department**

*Tax Collection and Civil Section*

December 14, 2004

Mr. William G. Stamm  
Duplantier, Hrapmann, Hogan & Maher, LLP  
Certified Public Accountants  
1340 Poydras St., Suite 2000  
New Orleans, La 70112

Dear Mr. Stamm:

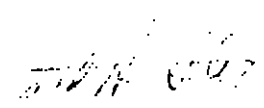
The St. Bernard Parish Sheriff's Office offers the following information in response to the instance of non-compliance noted in your auditor's report dated October 8, 2004, on compliance and on internal control over financial reporting based on an audit performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

04-1 Budget amendments:

We have considered your comments and procedures are being established to insure that the budget is amended when required by state law.

We believe that the foregoing fully addresses the non-compliance noted in your report and appreciate your observation.

Respectfully,

  
Jack A. Stephens,  
Sheriff