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TERREBONNE PARISH SHERIFF
HOUMA, LOUISIANA

Annual 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

TERREBONNE PARISH SHERIFF
HOUMA, LOUISIANA
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

The Honorable Jerry J. Larpenter
Terrebonne Parish Sheriff
Houma, Louisiana

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Terrebonne Parish Sheriff as of and for the year ended June 30, 2004, which collectively comprise the Sheriff's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Terrebonne Parish Sheriff management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major funds, and the aggregate remaining fund information of the Terrebonne Parish Sheriff, as 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 our report dated December 3, 2004 on our consideration of the Terrebonne 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 Required Supplementary Information, as listed in the foregoing table of contents, 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. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our 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 supplemental information schedules and other information as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Terrebonne Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bergeron + Lanoux

December 3, 2004

MANGEMENT'S DISCUSSION AND ANALYSIS

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2004

Within this section of the Terrebonne Parish Sheriff (the Sheriff) annual financial report, the Sheriff's management provides 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 \$6,700,128 (net assets) for the fiscal year reported.

Total assets are comprised of the following:

1. Capital assets, net of related debt, of \$1,934,350 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt.
2. Cash accumulated in the debt service fund in the amount of \$321,872 to pay principal and interest on long-term obligations.
3. Unrestricted net assets of \$4,443,906 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 \$5,146,171 this year. This compares to prior year ending fund balance of \$5,675,960, showing a decrease of \$529,789. General fund balance of \$4,823,296 shows a \$541,425 decrease from the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,821,611. Overall, the Sheriff's office continues to maintain a good financial position. The 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.

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.

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2004

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 the 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 finances 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 statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by ad valorem and sales 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 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 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 in to the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 13 to 15 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending a 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 statement 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 general fund. These statements and schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 36 and 37 of this report.

In addition, other supplemental information providing details on the individual agency funds is presented on pages 38 to 40 of this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff implemented the new financial reporting model used in this report beginning with the 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 as a whole.

The Sheriff's net assets at fiscal year-end are \$6,700,128. The following table provides a comparative summary of the Sheriff's net assets:

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

Summary of Net Assets

	Governmental Activities <u>6/30/2003</u>	% <u>Total</u>	Governmental Activities <u>6/30/2004</u>	% <u>Total</u>
Assets:				
Current assets and other assets	\$ 6,242,773	62%	\$ 5,681,102	62%
Capital assets	<u>3,793,256</u>	<u>38%</u>	<u>3,484,350</u>	<u>38%</u>
Total Assets	<u>10,036,029</u>	<u>100%</u>	<u>9,165,452</u>	<u>100%</u>
Liabilities:				
Current liabilities	1,053,596	39%	1,105,384	45%
Long-term liabilities	<u>1,643,824</u>	<u>61%</u>	<u>1,359,940</u>	<u>55%</u>
Total Liabilities	<u>2,697,420</u>	<u>100%</u>	<u>2,465,324</u>	<u>100%</u>
Net Assets:				
Investment in capital assests, net of debt	1,993,256	27%	1,934,350	29%
Restricted for debt service	309,563	4%	321,872	5%
Unrestricted	<u>5,035,790</u>	<u>69%</u>	<u>4,443,906</u>	<u>66%</u>
Total net assets	<u>\$7,338,609</u>	<u>100%</u>	<u>\$6,700,128</u>	<u>100%</u>

The Sheriff continues to maintain a high current ratio. 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 5.1 to 1 as compared to 5.9 to 1 for the prior year.

The Sheriff reported positive balances in net assets for the governmental activities. Net assets for the sheriff decreased by \$638,481 and \$799,830 for governmental activities in fiscal 2004 and 2003, respectively.

Note that 27% of the governmental activities' net assets are invested in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

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

Summary of Changes in Net Assets

	Governmental Activities <u>06/30/03</u>	Percent of Total <u>06/30/03</u>	Governmental Activities <u>06/30/04</u>	Percent of Total <u>06/30/04</u>
Revenues:				
Program:				
Charges for services	\$ 4,206,654	23.91%	\$ 4,564,204	25.13%
Operating Grants	514,358	2.92%	528,057	2.91%
General:				
Ad Valorem taxes	3,098,951	17.61%	3,179,202	17.50%
Sales taxes	8,058,804	45.80%	8,097,571	44.58%
Unrestricted state grants	1,672,751	9.51%	1,741,750	9.59%
Interest earnings	22,666	0.13%	11,102	0.06%
Miscellaneous	20,300	0.12%	34,702	0.19%
Gain on disposal of assets	-	0.00%	8,808	0.05%
	<u>17,594,484</u>	<u>100.00%</u>	<u>18,165,396</u>	<u>100.00%</u>
Total revenues				
Program expenses:				
Public safety	18,270,062	99.32%	18,720,439	99.56%
Interest	97,732	0.53%	83,438	0.44%
Loss on disposal of assets	26,520	0.14%	-	0.00%
	<u>18,394,314</u>	<u>100.00%</u>	<u>18,803,877</u>	<u>100.00%</u>
Total expenses				
Change in net assets	(799,830)		(638,481)	
Beginning net assets	<u>8,138,439</u>		<u>7,338,609</u>	
Ending net assets	<u>\$ 7,338,609</u>		<u>\$ 6,700,128</u>	

Governmental Revenues

The Sheriff is heavily reliant on ad valorem and sales taxes to support its operation. These taxes provided 62% and 63% of the sheriff's total revenues in fiscal years 2004 and 2003, respectively. Program revenues, intergovernmental agreements, sheriff's office fees and commissions, other sheriff's office revenues, and interest on deposits funded 38% and 37% of governmental operating expenses in fiscal years 2004 and 2003, respectively.

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

Governmental Functional Expenses

The total function of the Sheriff's office is public safety activities. The only nonfunctional cost was interest expense in the amount of \$83,438 and \$97,732 related to long-term debt in fiscal years 2004 and 2003, respectively. Of the total public safety costs, depreciation of the capital assets was \$750,368 or 4% and \$838,788 or 5% of total costs in fiscal years 2004 and 2003, respectively.

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

Governmental funds:

As discussed, governmental funds are reported in the fund statements with 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 \$5,146,171 and \$5,675,960 for fiscal years 2004 and 2003, respectively. Of this year-end total, \$4,821,611 and \$5,362,484 is *unreserved* indicating availability for continuing the sheriff's activities for fiscal years 2004 and 2003, respectively. Legally restricted fund balances (Reserved fund balances) include \$324,560 and \$313,476 for inventory items, capital outlay and debt service in fiscal years 2004 and 2003, respectively.

For the year ended June 30, 2004, the total ending fund balances of governmental funds show a decrease of \$529,789 and resulted mainly from expenditures in excess of revenues. For the year ended June 30, 2003, the total ending fund balances of governmental funds show a decrease of \$1,090,648 and resulted mainly from expenditures in excess of revenues.

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 balance decreased by \$541,425 from the prior year. In fiscal 2002-2003, the General Fund decreased approximately \$799,278. Revenues increased by \$559,268, and expenditures increased by \$304,869. The fund balance reflects an adequate reserve for unexpected occurrences.

The debt service and capital project funds were also considered as major governmental funds.

Budgetary Highlights

General Fund

The General Fund's original and final revenue budgets were more than the actual amounts reported in fiscal 2004. The majority of the differences are discussed below:

- ***An increase of 12% in health insurance coverage for employees***

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

- *Automobile insurance was 10% lower than expected*
- *Office expense was 18% higher than expected*
- *Pension contributions were 9% higher than estimated*
- *Interest income was 83% lower than estimated*
- *Capital expenditures were 52% higher than estimated*

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2004, was \$3,484,350. See footnote number 6 for additional information about changes in capital assets during the fiscal year and balances at year end. The following table reflects a summary of capital asset activity:

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2004</u>
Depreciable assets:		
Furniture and fixtures	\$ 1,762,741	\$ 1,919,259
Boats and vehicles	3,450,809	3,544,952
Weapons and equipment	609,227	629,378
Buildings and land	<u>1,858,995</u>	<u>1,858,995</u>
Total depreciated assets	7,681,772	7,952,584
Less accumulated depreciation	<u>3,888,516</u>	<u>4,468,234</u>
Book Value - depreciable assets	<u>\$ 3,793,256</u>	<u>\$ 3,484,350</u>
Percentage depreciated	<u>51%</u>	<u>56%</u>

During the year ending June 30, 2003, the Sheriff completed the construction of a new motor pool building and a new narcotics building.

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

Major additions to capital assets were as follows:

	<u>2003</u>	<u>2004</u>
Furniture and fixtures	\$ 98,250	\$ 174,077
Boats and vehicles	\$ 476,519	\$ 260,566
Weapons and equipment	\$ 86,322	\$ 29,018
Buildings	\$ 142,774	\$ -

Long-term debt:

At the end of the fiscal year, the Sheriff had long-term debt as follows:

	<u>2003</u>	<u>2004</u>
Judgements payable	\$ 111,611	\$ 93,824
Certificates of indebtedness	1,800,000	1,550,000
	<u>\$ 1,911,611</u>	<u>\$ 1,643,824</u>

The Sheriff reduced long-term obligations by \$267,787 and \$344,476 during the fiscal years ended June 30, 2004 and 2003, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approximately 62% of the Sheriff's revenues are derived from ad valorem and sales taxes. Revenues and expenses in total are expected to remain stable with a reduction in capital outlay expenditures. Group health costs and pension costs are expected to continue to increase. The Sheriff is exploring alternatives to contain health insurance costs. Overall, fiscal year 2005 budget is expected to approximate fiscal year's 2004 budget.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finance, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Jerry Larpenter, Sheriff, Terrebonne Sheriff and Tax Collector, P.O. Box 1670, Houma, LA, 70361.

BASIC FINANCIAL STATEMENTS

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Statement of Net Assets

June 30, 2004

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,707,518
Investments	100,000
Due from other governmental units	1,870,146
Other receivables	1,753
Inventory	1,685
Capital assets, net	3,484,350
Total assets	9,165,452
 <u>LIABILITIES</u>	
Accounts payable and other accrued payables	53,726
Deferred revenue	9,912
Accrued employee benefits--estimated liability for outstanding medical claims and compensated absences	757,862
Long-term liabilities:	
Due within one year	283,884
Due after one year	1,359,940
Total liabilities	2,465,324
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	1,934,350
Restricted for debt service	321,872
Unrestricted	4,443,906
Total net assets	\$ 6,700,128

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Statement of Activities

For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
General government - public safety	\$ 18,720,439	\$ 4,564,204	\$ 528,057	\$ (13,628,178)
Interest on long-term debt	83,438	-	-	(83,438)
Total governmental activities	\$ 18,803,877	\$ 4,564,204	\$ 528,057	\$ (13,711,616)
General Revenues:				
Ad valorem taxes				3,179,202
Sales taxes				8,097,571
Unrestricted state grants				1,741,750
Interest and investment earnings				11,102
Miscellaneous				34,702
Gain on disposal of capital assets				8,808
Total general revenues				13,073,135
Change in net assets				(638,481)
Net assets at beginning of year				7,338,609
Net assets at end of year				\$ 6,700,128

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Balance Sheet - Governmental Funds

June 30, 2004

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,384,643	\$ 321,872	\$ 1,003	\$ 3,707,518
Investments	100,000	-	-	100,000
Receivables:				
Due from other governmental units	1,870,146	-	-	1,870,146
Other receivables	1,753	-	-	1,753
Inventory	1,685	-	-	1,685
Total assets	\$ 5,358,227	\$ 321,872	\$ 1,003	\$ 5,681,102
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 53,726	\$ -	\$ -	\$ 53,726
Accrued employee benefits	471,293	-	-	471,293
Deferred revenues	9,912	-	-	9,912
Total liabilities	534,931	-	-	534,931
Fund balances:				
Reserved for inventory	1,685	-	-	1,685
Reserved for capital outlay	-	-	1,003	1,003
Reserved for debt service	-	321,872	-	321,872
Unreserved, undesignated	4,821,611	-	-	4,821,611
Total fund balances	4,823,296	321,872	1,003	5,146,171
Total liabilities and fund balance	\$ 5,358,227	\$ 321,872	\$ 1,003	\$ 5,681,102

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

For the Year Ended June 30, 2004

Total fund balances - governmental funds		\$	5,146,171
Amounts reported for governmental activities in the statement of net assets are different because:			
Cost of capital assets at June 30, 2004	\$	7,952,584	
Less: Accumulated Depreciation as of June 30, 2004:			
Furniture and fixtures		(1,235,715)	
Boats and vehicles		(2,553,765)	
Weapons and equipment		(571,708)	
Buildings and land		(107,046)	
		<u>(4,468,234)</u>	3,484,350
Long-term liabilities at June 30, 2004:			
Certificates of indebtedness		(1,550,000)	
Judgements payable		(93,824)	
Compensated absences payable		(286,569)	
		<u>(1,930,393)</u>	
Total net assets - governmental activities		\$	<u>6,700,128</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2004

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 3,179,202	\$ -	\$ -	\$ 3,179,202
Sales taxes	8,097,571	-	-	8,097,571
Intergovernmental revenues:				
Federal grants	251,525	-	-	251,525
State D.A.R.E. grant	66,760	-	-	66,760
State revenue sharing, net	222,639	-	-	222,639
State supplemental pay	782,649	-	-	782,649
State gaming revenue	736,462	-	-	736,462
State training grants	1,483	-	-	1,483
Local government	208,289	-	-	208,289
Fees, charges, and commissions for services:				
Commissions and contract service	460,694	-	-	460,694
Civil and criminal fees	1,125,765	-	-	1,125,765
Court attendance	32,878	-	-	32,878
Court awards	147,603	-	-	147,603
Transporting prisoners	30,656	-	-	30,656
Feeding and keeping prisoners	2,277,064	-	-	2,277,064
Commissary sales	77,312	-	-	77,312
Other	412,232	-	-	412,232
Miscellaneous:				
Interest	7,212	3,875	15	11,102
Other	34,702	-	-	34,702
Total revenues	<u>18,152,698</u>	<u>3,875</u>	<u>15</u>	<u>18,156,588</u>
Expenditures:				
Current:				
Public safety:				
Personal services and related benefits	10,891,777	-	-	10,891,777
Operating services	3,642,978	-	-	3,642,978
Operation and maintenance	3,360,860	-	688	3,361,548
Debt service:				
Principal	17,787	250,000	-	267,787
Interest	6,213	83,438	-	89,651
Capital outlay	463,643	-	-	463,643
Total expenditures	<u>18,383,258</u>	<u>333,438</u>	<u>688</u>	<u>18,717,384</u>
Excess (deficiency) of revenues over expenditures	(230,560)	(329,563)	(673)	(560,796)
Other financing sources (uses):				
Proceeds from sale of capital assets	31,007	-	-	31,007
Transfers from other funds	-	341,872	-	341,872
Transfers to other funds	(341,872)	-	-	(341,872)
Total other financing sources (uses)	<u>(310,865)</u>	<u>341,872</u>	<u>-</u>	<u>31,007</u>
Excess of revenues and other sources over (under) expenditures and other uses	(541,425)	12,309	(673)	(529,789)
Fund balance at beginning of year	<u>5,364,721</u>	<u>309,563</u>	<u>1,676</u>	<u>5,675,960</u>
Fund balance at end of year	<u>\$ 4,823,296</u>	<u>\$ 321,872</u>	<u>\$ 1,003</u>	<u>\$ 5,146,171</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

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

For the Year Ended June 30, 2004

Total net changes in fund balance - governmental funds		\$	(529,789)
Capital Assets:			
Capital outlay	\$	463,643	
Basis of capital assets removed from service		(22,181)	
Depreciation expense for the year ended June 30, 2004		<u>(750,368)</u>	(308,906)
Long-Term Debt:			
Principal portion of debt service payments		250,000	
Principal portion of judgements payable		17,787	
Excess of compensated absences earned over amounts used		<u>(67,573)</u>	<u>200,214</u>
Change in net assets - governmental activities		\$	<u>(638,481)</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 1,146,620</u>
Total assets	<u><u>\$ 1,146,620</u></u>
<u>LIABILITIES</u>	
Due to taxing bodies, prisoners and others	<u>\$ 1,146,620</u>
Total liabilities	<u><u>\$ 1,146,620</u></u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements

INTRODUCTION

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 as provided by Article V, Section 27 of the Louisiana Constitution of 1974. 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, fines, costs, and bond forfeitures imposed by the district court.

1) Summary of Significant Policies

a) Basis of Presentation

The accompanying basic financial statements of the Terrebonne 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 June 1999.

b) Reporting Entity

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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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

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 financial management by segregating transactions relating to certain government functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the sheriff are classified into two categories: governmental and fiduciary. Each category, in turn is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

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. The following are the sheriff's governmental funds:

General Fund--The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the sheriff's office and accounts for all financial resources, except for those required to be accounted for in other funds. The sheriff's primary sources of revenue are an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

Debt Service Fund-- The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

Capital Projects Fund-- The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets not reported in other governmental funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the sheriff are agency funds. The agency funds account for assets held by the sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

d) Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the sheriff as a whole. These statements 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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and other funds of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance 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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the sheriff's operations (See the reconciliation statements).

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

Revenues

Federal and state entitlements (which include state supplemental pay for deputies and state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Federal and state grants are recorded when the expenditures have been incurred.

Local intergovernmental reimbursements are recognized monthly when available and measurable.

Ad valorem taxes 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.

Sales taxes are recognized in the period when the underlying transaction has occurred and the resources are available.

Interest earnings on time deposits are recorded or when earned. Interest on checking accounts and money market accounts is recorded monthly when the interest is received.

Substantially all other revenues are recorded when received.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

Expenditures

Salaries are recorded as expenditures when earned.

Purchases of various operating supplies are recorded as expenditures at the time purchased.

Compensated absences are recognized as benefits are earned.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid and proceeds from the sale of certificates of indebtedness are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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.

e) Budgets

The proposed budget for the general fund, which is prepared on the modified accrual basis of accounting, for the fiscal year June 30, 2004 was made available for public inspection on June 18, 2003. A notice concerning the public hearing was published in the official journal on June 17, 2003. The public hearing was held at the Terrebonne Parish Sheriff's office on June 18, 2003 for comments from taxpayers at which time it was legally adopted. The budget is legally adopted and amended, as necessary, by the sheriff.

All expenditure appropriations lapse at year-end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Neither encumbrance 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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

f) Interfund Transactions

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

g) Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the sheriff may deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

h) Investments

Investments are limited by R.S. 33:2955 and the sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. All external pool deposits are considered investments.

GASB Statement No. 31 requires the sheriff to report investments at fair value in the balance sheet except as follows:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The sheriff may report at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money-market investments are short-term, highly liquid investment contracts include U.S. Treasury obligations. Interest-earning investment contracts that include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

In accordance with GASB Statement No. 31, the sheriff reports money market investments and participating interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

i) Inventories

Inventory of the sheriff's General Fund consists of food purchased by the sheriff and commodities granted by the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenses when consumed. All purchased inventory items are valued at the lower of cost (first-in, first-out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture and Forestry.

j) 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. Automobiles awarded to the Terrebonne Parish Sheriff's office by court award are recorded as capital assets at their estimated fair market value at the date of award.

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>Description</u>	<u>Estimated Lives</u>
Law enforcement weapons & equipment	3 – 5 years
Vehicles	2 – 5 years
Office furniture & equipment	5 – 7 years
Boats	10 years
Buildings	30 years

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

k) Compensated absences

All employees of the sheriff's office, with over one year of service, earn five days of sick leave. Sick leave cannot be accumulated and must be used in the year earned. Payment is not made for unused leave upon retirement or termination of employment.

Office employees with one to fourteen years of service, earn ten days of vacation leave each year; all other employees with one to fourteen years of service, earn fourteen days of vacation leave each year. All employees that have fifteen or more years of service earn twenty-one days each year. Vacation time must be taken on an annual basis and will not be available for carryover.

The sheriff's recognition and measurement criteria for compensated absences follows GASB Statement No. 16 which provides that vacation and sick leave with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' right to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

l) Restricted net assets

For government-wide statement on net assets, net assets are reported as restricted when constraints placed on net assets 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 on enabling legislation.

m) 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.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

2) Levied Taxes

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 7.58 mills on property with assessed valuations totaling \$425,904,635.

Total law enforcement taxes levied during 2004 were \$3,228,372.

3) Cash and Cash Equivalents

At June 30, 2004, the Sheriff has cash and cash equivalents as follows:

Demand deposits and cash on hand	\$ 14,158
Interest-bearing deposits	<u>3,693,360</u>
Total cash and cash equivalents	<u>\$ 3,707,518</u>

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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

Deposit balances (collected bank balances) at June 30, 2004, are secured as follows:

Bank balances	\$	<u>5,601,570</u>
Federal deposit insurance	\$	1,200,000
Pledged securities (Category 3)		<u>13,338,161</u>
 Total secured deposits	 \$	 <u>14,538,161</u>
 Excess of secured deposits over bank balances	 \$	 <u>8,936,591</u>

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

4) Investments

Investments are categorized into three categories of credit risk:

- 1) Insured or registered, or securities held by the sheriff or its agent in the sheriff's name
- 2) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the sheriff's name
- 3) Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the sheriff's name

At fiscal year-end, the sheriff's investment balances were as follows:

Type of Investment	Category <u>1</u>	Carrying Amount		Total Carrying Amount
		Fair Value	Amortized Cost	
Certificate of Deposit	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>100,000</u>
Total Investments	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>100,000</u>

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

5) Receivables

Amounts receivable at June 30, 2004, consist of the following:

	General Fund
Sales taxes	\$ 1,408,902
Maintenance of prisoners	138,087
Grants receivable	72,892
Ad valorem taxes	10,584
Commissions	27,210
Court attendance, civil and criminal fees	63,773
Video poker	126,148
Other	22,550
	\$ 1,870,146

6) Capital Assets

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

	Furniture & Fixtures	Boats & Vehicles	Weapons & Equipment	Buildings & Land	Total
Cost of capital assets, June 30, 2003	\$ 1,762,741	\$ 3,450,809	\$ 609,227	\$ 1,858,995	\$ 7,681,772
Additions	174,077	260,566	29,018	-	463,661
Deletions	(17,559)	(166,423)	(8,867)	-	(192,849)
Cost of capital assets, June 30, 2004	1,919,259	3,544,952	629,378	1,858,995	7,952,584
Accumulated depreciation, June 30, 2003	1,039,573	2,257,043	540,704	51,196	3,888,516
Additions	211,697	442,950	39,871	55,850	750,368
Deletions	(15,555)	(146,228)	(8,867)	-	(170,650)
Accumulated depreciation, June 30, 2004	1,235,715	2,553,765	571,708	107,046	4,468,234
Capital assets net of accumulated depreciation, at June 30, 2004	\$ 683,544	\$ 991,187	\$ 57,670	\$ 1,751,949	\$ 3,484,350

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

Depreciation expense of \$750,368 for the year ended June 30, 2004 was charged to the general fund governmental function.

7) Accounts Payable and Other Accrued Payables

At June 30, 2004, accounts payable and other accrued payables are as follows:

	General Fund
Operating services	\$ 4,319
Operation and maintenance	49,315
Withholdings	92
	<u>\$ 53,726</u>

8) Pension Plan

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

All sheriffs, all deputies, and non-deputized employees who are found to be physically fit and 18 years of age or older, who earn at least \$400 per month, if employed after September 7, 1979 and before January 1, 1991, \$550 per month, if employed between January 1, 1991 and December 31, 1999, or \$800 per month if employed after January 1, 2000 are required to participate in the System. Benefits are computed at 3 1/3% for each year of *creditable service*, including purchased military or prior service. Members are eligible to retire at or after age 55 with at least 12 years of credited service. Members with 20 or more years of service are eligible for an actuarially reduced benefit at age 50. 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 36 consecutive or joined months that produce the highest average. 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) 219-0521.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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 7.75% 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 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 sheriff's contributions to the System for the years ending June 30, 2003, 2002, and 2001, were \$842,163, \$690,206, and \$541,127, respectively, equal to the required contributions for each year.

9) Deferred Compensation Plan

Employees of sheriff have the option to participate in a deferred compensation program as defined by the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The sheriff's has the responsibility for withholding contributions from participants to the plan. The administrators have the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specification and reporting quarterly to the participant on the status of the plan. Current plan reports are provided to participating employees by the administrators.

The sheriff makes a matching contribution to plan participants with one or more years of service. The match is calculated as a percentage of the participant's annual salary including supplemental pay less Section 125 and retirement deductions. The percentage is based upon each employees total years of service. For the year ended June 30, 2004, the Sheriff made matching contributions under this plan in the amount of \$82,380.

10) Compensated Absences

At June 30, 2004, employees of the sheriff have accumulated and vested \$286,569 of employee leave benefits, which was computed in accordance with GASB Codification C60. This entire amount is recorded as a liability in the statement of net assets.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

11) Leases

During the year ended June 30, 2004, rent expense under all operating leases totaled \$8,970. The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Fiscal Year</u>	<u>Equipment</u>
2005	<u>\$ 3,900</u>
Totals	<u>\$ 3,900</u>

12) Changes in Agency Fund Balances

See supplemental information Schedule of Changes in Balance Due to Taxing Bodies and Others.

13) Long-Term Obligations

On October 31, 2000, the Sheriff issued Certificates of Indebtedness in the amount of \$800,000 for the purpose of acquiring equipment and making capital improvements. The Certificates will mature over a three year period ending December 1, 2005 and bear interest at 5.25%, payable semi-annually. The Certificates are secured by the general revenues of the Sheriff.

On September 27, 2001, the Sheriff issued Certificates of Indebtedness in the amount of \$1,000,000 for the purpose of constructing a motor pool and narcotics building. The certificates will mature over a nine year period ending December 1, 2010 and bear interest at 4.8%, payable semi-annually. The Certificates are secured by the general revenues of the Sheriff.

On May 11, 1999, the district court rendered a judgment against the sheriff of approximately \$137,000 including interest payable at 6% as the result of a lawsuit. During November 2001, the sheriff exhausted all appeals and the judgment became final. The amount of the judgment exceeded the available insurance coverage. In November 2001, the Sheriff agreed to pay \$2,000 per month until the judgment and all accrued interest are paid in full. Final payment is scheduled for December 1, 2008.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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

	<u>Bond Debt</u>	<u>Judgements Payable</u>	<u>Total</u>
Long-term obligations at July 1, 2003	\$ 1,800,000	\$ 111,611	\$ 1,911,611
Additions	-	-	-
Deductions	<u>(250,000)</u>	<u>(17,787)</u>	<u>(267,787)</u>
Long-term obligations at June 30, 2004	<u>\$ 1,550,000</u>	<u>\$ 93,824</u>	<u>\$ 1,643,824</u>

The following is a summary of the current portion (due in one year or less) and the long-term portions of long-term debt obligations as follows:

	<u>Bond Debt</u>	<u>Judgements Payable</u>	<u>Total</u>
Current portion	\$ 265,000	\$ 18,884	\$ 283,884
Long-term portion	<u>1,285,000</u>	<u>74,940</u>	<u>1,359,940</u>
Long-term obligations at June 30, 2004	<u>\$ 1,550,000</u>	<u>\$ 93,824</u>	<u>\$ 1,643,824</u>

All principal and interest requirements are funded in accordance with Louisiana law by the general revenues of the sheriff. At June 30, 2004, the sheriff has accumulated \$321,872 in the debt service fund for future debt requirements. The amounts due on debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 265,000	\$ 69,919	\$ 334,919
2006	285,000	55,481	340,481
2007	180,000	43,680	223,680
2008	190,000	34,800	224,800
2009	200,000	25,440	225,440
2010	210,000	15,600	225,600
2011	<u>220,000</u>	<u>5,280</u>	<u>225,280</u>
	<u>\$ 1,550,000</u>	<u>\$ 250,200</u>	<u>\$ 1,800,200</u>

In accordance with R.S. 39:562, the sheriff is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30,

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

2004, the statutory limit is approximately \$149,000,000, and outstanding bonded debt totals \$1,550,000.

14) Interfund Transfers

The following interfund transfers were incurred during the year ended June 30, 2004:

<u>Transferring Fund</u>	<u>Debt Service Fund</u>
General Fund	\$ 341,872

Transfers to the debt service fund were for the purpose of accumulating funds to pay principal and interest on outstanding certificates of indebtedness.

15) Litigation, Claims, and Risk Management

The Sheriff's Office is exposed to various risks of losses related to general liability, auto liability, property and group health benefits. For the year ending June 30, 2004, the sheriff purchased commercial liability insurance to cover risk of loss related to torts or negligence by employees. Commercial insurance has also been obtained to cover real and personal property, general liability, automobile, crime, and law enforcement liability. Management believes coverage obtained will adequately cover any future claims.

At June 30, 2004, the sheriff is involved in various lawsuits claiming damages. Some of these suits are for substantial amounts. The Sheriff plans to vigorously oppose these suits and does not believe their ultimate disposition will materially affect the accompanying general purpose financial statements except as described in note 13 above.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

16) Self-Insurance Program

The Terrebonne Parish Sheriff's Office Group Health Plan was established by the Sheriff during the June, 1996 fiscal year. The partially self-insured plan was established to provide group medical indemnity coverage to qualifying employees and retirees of the Sheriff's Office. A third-party benefit service manager is responsible for administering and claims processing. Resources to pay claims are derived from employer and employee contributions. Monthly contributions, based on an estimate of claims to be paid, are deposited into a separate cash account to insure funds will be available to pay claims as they are filed. Liabilities are limited by the purchase of commercial insurance covering specific claims in excess of \$50,000 and aggregate claims in excess of approximately \$2,365,000. An analysis of claims activities for the current year and the two preceding years follows:

(In Thousands)		Current Year Claims and Changes in Estimates	Actual Claim Payments	Ending Liability
Year Ended	Beginning Liability			
June 30, 2002	\$ 119	\$ 1,573	\$ 1,411	\$ 281
June 30, 2003	\$ 281	\$ 2,372	\$ 2,264	\$ 389
June 30, 2004	\$ 389	\$ 2,309	\$ 2,227	\$ 471

17) Other Post Employment Benefits

The sheriff provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the sheriff's employees become eligible for those benefits if they reach normal retirement age while working for the sheriff. Those benefits for retirees and similar benefits for active employees are provided through an insurance company and the Terrebonne Parish Sheriff's Office Group Health Plan whose monthly premiums are paid jointly by the employee and the Sheriff. The sheriff's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2004, the costs of retiree benefits totaled \$101,370. There were twenty-five eligible participants at year end receiving benefits.

18) On-Behalf Payments

A portion of the salaries of the sheriff's deputies are paid through a supplement from the state. These payments provide the deputies of the sheriff's office with an additional \$300 per month, which is added to their base salary. For the year ended June 30, 2004, \$782,649 was received from the state and is included in revenues under the state

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

supplemental pay and in expenses under personal services and related benefits on the combined statement of revenue, expenditures, and changes in fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNFAVORABLE)</u>
<u>REVENUES</u>				
Ad valorem tax	\$ 3,125,000	\$ 3,160,000	\$ 3,179,202	\$ 19,202
Sales taxes	8,250,000	8,250,000	8,097,571	(152,429)
Intergovernmental revenues:				
Federal grants	50,000	20,000	251,525	231,525
State D.A.R.E. grant	35,000	50,000	66,760	16,760
State revenue sharing, net	212,000	212,548	222,639	10,091
State supplemental pay	825,000	828,000	782,649	(45,351)
State gaming revenue	725,000	725,000	736,462	11,462
State training grants	125,000	130,000	1,483	(128,517)
Local government	140,000	130,000	208,289	78,289
Fees, charges, and commissions for services:				-
Commissions and contract service	579,000	375,600	460,694	85,094
Civil and criminal fees	705,000	1,200,100	1,125,765	(74,335)
Court attendance	28,000	28,000	32,878	4,878
Court awards	-	1,000	147,603	146,603
Transporting prisoners	35,000	32,000	30,656	(1,344)
Feeding and keeping prisoners	2,200,000	2,400,000	2,277,064	(122,936)
Commissary sales	70,000	72,500	77,312	4,812
Other	290,000	348,350	412,232	63,882
Interest	65,000	42,000	7,212	(34,788)
Miscellaneous		50,000	34,702	(15,298)
Total revenues	<u>17,459,000</u>	<u>18,055,098</u>	<u>18,152,698</u>	<u>97,600</u>
<u>EXPENDITURES</u>				
Public safety:				
Personal services and related benefits	10,720,214	10,881,409	10,891,777	(10,368)
Operating services	3,251,500	3,577,886	3,642,978	(65,092)
Operation and maintenance	2,888,000	3,269,500	3,360,860	(91,360)
Debt service principal	-	-	17,787	(17,787)
Debt service interest	-	-	6,213	(6,213)
Capital outlay	554,500	304,190	463,643	(159,453)
Total expenditures	<u>17,414,214</u>	<u>18,032,985</u>	<u>18,383,258</u>	<u>(350,273)</u>
Excess (deficiency) of revenues over expenditures	\$ 44,786	\$ 22,113	\$ (230,560)	\$ (252,673)

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, continued
For the Year Ended June 30, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<i>Other financing sources (uses):</i>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 31,007	\$ 31,007
Operating transfers in	-	-	-	-
Operating transfers out	<u>(333,438)</u>	<u>(333,438)</u>	<u>(341,872)</u>	<u>(8,434)</u>
Total other financing sources (uses)	<u>(333,438)</u>	<u>(333,438)</u>	<u>(310,865)</u>	<u>22,573</u>
 Excess (Deficiency) of revenues and other sources over expenditures and other uses	 (288,652)	 (311,325)	 (541,425)	 (230,100)
 Fund balance at beginning of year	 <u>5,605,232</u>	 <u>5,362,484</u>	 <u>5,364,721</u>	 <u>2,237</u>
 Fund balance at end of year	 <u>\$ 5,316,580</u>	 <u>\$ 5,051,159</u>	 <u>\$ 4,823,296</u>	 <u>\$ (227,863)</u>

SUPPLEMENTAL INFORMATION SCHEDULES

TERREBONNE PARISH SHERIFF
Houma, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2004

FIDUCIARY FUND TYPE - AGENCY FUNDS

Sheriff's Fund

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

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.

Bonds and Fines Fund

To account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Inmate Deposit Fund

To account for funds belonging to individuals incarcerated in the parish prison. The funds are used by prisoners to purchase personal items while incarcerated, and any remaining balances are returned to prisoners upon their release.

Community Service Fund

The Community Service Fund, created on September 15, 1986, accounts for court assessed fees collected from individuals on probation. These fees are used to defray the costs of probation supervision and are paid to the Sheriff's General Fund and the City of Houma.

Scholarship and Gift Fund

To account for funds voluntarily withheld from employees of the Terrebonne Parish Sheriff's Office. The funds are used to purchase flowers or make donations in lieu of flowers to a named charity in the event of the death of an employee or an immediate family member of an employee. The only other use of these funds is for two (2) \$500 scholarships given each year to children of employees, who as freshman, will be attending a Louisiana college.

TERREBONNE PARISH SHERIFF
 Houma, Louisiana
 Fiduciary Funds - Agency Funds

Combining Balance Sheet
 June 30, 2004

	Sheriff's Fund	Tax Collector Fund	Bonds & Fines Fund	Inmate Deposit Fund	Community Service Fund	Scholarship and Gift Fund	Total
ASSETS							
Interest-bearing deposits	\$ 143,176	\$ 308,860	\$ 599,446	\$ 55,664	\$ 29,750	\$ 9,724	\$ 1,146,620
Total assets	<u>\$ 143,176</u>	<u>\$ 308,860</u>	<u>\$ 599,446</u>	<u>\$ 55,664</u>	<u>\$ 29,750</u>	<u>\$ 9,724</u>	<u>\$ 1,146,620</u>
LIABILITIES							
Due to taxing bodies and others	\$ 143,176	\$ 308,860	\$ 599,446	\$ -	\$ 29,750	\$ 9,724	\$ 1,090,956
Due to prisoners	-	-	-	55,664	-	-	55,664
Total liabilities	<u>\$ 143,176</u>	<u>\$ 308,860</u>	<u>\$ 599,446</u>	<u>\$ 55,664</u>	<u>\$ 29,750</u>	<u>\$ 9,724</u>	<u>\$ 1,146,620</u>

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Fiduciary Funds - Agency Funds
Schedule of Changes in Balance Due to Taxing Bodies and Others

For the Year Ended June 30, 2004

	Sheriff's Fund	Tax Collector Fund	Bonds & Fines Fund	Inmate Deposit Fund	Community Service Fund	Scholarship and Gift Fund	Total
Balances, beginning of year	\$ 189,610	\$ 304,292	\$ 1,059,484	\$ 56,587	\$ 28,750	\$ 8,060	\$ 1,646,783
Additions:							
Deposits	4,663,063	-	-	-	-	-	4,663,063
Suits, sales, and garnishments	-	-	1,215,031	-	-	-	1,215,031
Bonds	-	-	1,634,274	-	68,888	-	1,703,162
Fines and cost	-	-	-	533,304	-	-	533,304
Prisoner deposits	-	-	-	-	-	-	-
Taxes, fees, etc., paid to tax collector	-	41,475,793	-	-	-	-	41,475,793
Employee contributions	-	-	-	-	-	3,245	3,245
Interest	-	58,814	6,231	-	-	-	65,045
Total additions	4,663,063	41,534,607	2,855,536	533,304	68,888	3,245	49,658,643
Total	4,852,673	41,838,899	3,915,020	589,891	97,638	11,305	51,305,426
Reductions:							
Taxes, fees, etc., distributed to taxing bodies and others	-	40,159,190	-	-	-	-	40,159,190
Deposits settled to -							
Sheriff's General Fund	548,851	870,849	20,305	-	-	-	1,440,005
Clerk of Court	232,821	-	1,958,352	-	67,888	-	2,259,061
Litigants	3,804,056	500,000	-	-	-	-	4,304,056
Scholarships and gifts	-	-	-	-	-	1,581	1,581
Other settlements	123,769	-	1,336,917	534,227	-	-	1,994,913
Total reductions	4,709,497	41,530,039	3,315,574	534,227	67,888	1,581	50,158,806
Balances, end of year	\$ 143,176	\$ 308,860	\$ 599,446	\$ 55,664	\$ 29,750	\$ 9,724	\$ 1,146,620

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(RETIRED)

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

The Honorable Jerry J. Larpenter
Houma, Louisiana

We have audited the financial statements of the Terrebonne Parish Sheriff as of and for the year ended June 30, 2004, and have issued our report thereon dated December 3, 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 Terrebonne Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

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

This report is intended for the information and use of the Terrebonne Parish Sheriff, the State of Louisiana, the Legislative Auditor for the State of Louisiana, 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 as public record.

December 3, 2004

Bergeron & Lanaux

TERREBONNE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

I SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Terrebonne Parish Sheriff.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Terrebonne Parish Sheriff were disclosed during the audit.

II FINDINGS - FINANCIAL STATEMENTS AUDIT

None

TERREBONNE PARISH SHERIFF
CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2004

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

No findings were reported for the year ended June 30, 2004 that required a response from management.

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported for the year ended June 30, 2004 that required a response from management.

SECTION III - MANAGEMENT LETTER

No management letter was issued for the year ended June 30, 2004.

TERREBONNE PARISH SHERIFF
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004

Fiscal Year Finding Ref. Initially No. Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/ Partial Corrective Action Taken
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Section III -- Management Letter

1	2003	<u>Internally Constructed Capital Assets</u> A detailed listing of materials and component units including cost and labor hours used to construct assets needs to be maintained.	Yes	
2	2003	<u>Cash Bonds and Fines</u> All receipts of bonds and interest earnings should be properly recorded in the applicable ledgers.	Yes	