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**UNION PARISH SHERIFF
Farmerville, Louisiana**

**Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2004
With Supplemental Information Schedules**

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 12-15-04

MARY JO FINLEY, CPA, INC.
A PROFESSIONAL CORPORATION

UNION PARISH SHERIFF
Farmerville, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules

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MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

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Independent Auditor's Report

UNION PARISH SHERIFF
Farmerville, Louisiana

I have audited the basic financial statements of the Union Parish Sheriff, a component unit of Union Parish Police Jury, as of June 30, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Union Parish Sheriff's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Union Parish Sheriff as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

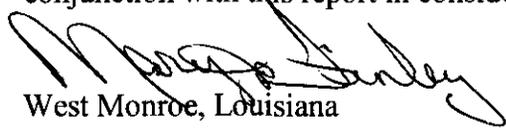
As described in Note 1 to the financial statements, the sheriff has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

Management's discussion and analysis, and supplementary information on pages 6 through 9 and 31 through 33, respectively are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and reviewing the source of selected information. However, I did not audit the information and express no opinion on it.

UNION PARISH SHERIFF
Farmerville, Louisiana
Independent Auditor's Report,
June 30, 2004

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Union Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 20, 2004, on my consideration of the Union Parish Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



West Monroe, Louisiana
November 20, 2004

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

UNION PARISH SHERIFF
Farmerville, Louisiana

Management's Discussion and Analysis
June 30, 2004

As management of the Union Parish Sheriff, I offer readers of the Union Parish Sheriff's financial statements this narrative overview and analysis of the financial activities of the Union Parish Sheriff for the fiscal year ended June 30, 2004. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Sheriff's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2005.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Union Parish Sheriff's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Union Parish Sheriff's assets and liabilities, with the difference between the two 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 Union Parish Sheriff is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported

in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Union Parish Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Union Parish Sheriff can be divided into two categories: governmental funds and fiduciary (agency) funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, *it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.* By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Union Parish Sheriff adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Union Parish Sheriff's programs, Fiduciary (agency) funds are not reflected in the government-wide financial statement.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information in addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Union Parish Sheriff's performance.

The combining schedules for nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Union Parish Sheriff exceeded liabilities by

\$952,705. Approximately 48% of the Union Parish Sheriff's net assets reflects its investment in capital assets (equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources.

An additional portion of the Union Parish Sheriff's net assets represents resources that are subject to external restrictions (e.g., debt service). The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Union Parish Sheriff to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net assets for the first time.

Since this is the first year of implementing the new reporting model, comparative information is not available for further government-wide financial analysis. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Financial Analysis of the Government's Funds

As noted earlier, the Union Parish Sheriff uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2004, combined governmental fund balances of \$511,838 showed an increase of \$46,522 over June 30, 2003.

General Fund Budgetary Highlights

Differences between revenues of the original budget and the final budget were due primarily to increases in ad valorem tax and fees, charges, and commissions for services. Differences between expenditures in the original and final budget were due to an increase in capital outlay and operating services.

Capital Asset and Debt Administration

Capital assets. The Union Parish Sheriff's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$502,201 (net of accumulated depreciation). This investment includes vehicles, furniture, and equipment. The increase in capital assets for the year was \$194,873, and included approximately \$121,000 for purchase of vehicles. The remainder of the increase is attributable to purchase of furniture and equipment.

Long-term debt. At the end of the fiscal year, Union Parish Sheriff had total debt outstanding, in the form of compensated absences and leases, of \$59,494. During the year ended June 30, 2004, \$131,214 of debt was paid in accordance with the lease agreements.

Requests for Information

This financial report is designed to provide a general overview of the Union Parish Sheriff's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Union Parish Sheriff, P.O. Box 723, Farmerville, LA 71241.

Robert G. Buckley
November 20, 2004

BASIC FINANCIAL STATEMENTS

UNION PARISH SHERIFF
Farmerville, Louisiana

STATEMENT OF NET ASSETS

June 30, 2004

ASSETS

Cash and cash equivalents	\$432,425
Receivables	176,462
Due from others	35
Capital assets (net of accumulated depreciation)	<u>502,201</u>
TOTAL ASSETS	<u>\$1,111,123</u>

LIABILITIES

Accounts payable	\$82,321
Unearned revenue	14,763
Interest payable	1,840
Long-term liabilities:	
Due within one year	33,485
Due in more than one year	<u>26,009</u>
TOTAL LIABILITIES	<u>158,418</u>

NET ASSETS

Invested in capital assets, net of related debt	448,894
Unrestricted	<u>503,811</u>
TOTAL NET ASSETS	<u>952,705</u>
TOTAL NET ASSETS AND LIABILITIES	<u>\$1,111,123</u>

The accompanying notes are an integral part of this statement.

UNION PARISH SHERIFF
Farmerville, Louisiana
STATEMENT OF ACTIVITIES
June 30, 2004

Judicial:	
Personal services	\$1,815,332
Operating services	477,763
Materials and supplies	162,999
Travel	51,377
Debt service - interest	2,663
Depreciation expense	226,057
Intergovernmental	<u>13,807</u>
Total Program Expenses	<u>2,749,998</u>
Program revenues:	
Civil and criminal fees	174,671
Commissions on license and taxes	28,898
Commissions on state revenue sharing	106,159
Court attendance	2,661
Transportation of prisoners	3,451
Bond fees	15,546
Accident reports	4,527
Tax notices, etc.	<u>25,155</u>
Total program revenues	<u>361,068</u>
Net Program Expenses	<u>(2,388,930)</u>
General revenues:	
Taxes:	
Ad valorem	510,062
Sales	1,640,671
Grants and contributions not restricted to specific programs:	
Federal sources	16,895
State sources	140,606
Local	92,898
Interest earned	13,903
Miscellaneous	<u>46,821</u>
Change in Net Assets	72,926
NET ASSETS	
Beginning of year	<u>879,779</u>
End of year	<u><u>\$952,705</u></u>

The accompanying notes are an integral part of this statement.

Statement C

**UNION PARISH SHERIFF
Farmerville, Louisiana
GOVERNMENTAL FUND**

Balance Sheet, June 30, 2004

	<u>GENERAL FUND</u>
ASSETS	
Cash and cash equivalents	\$432,425
Receivables	176,462
Due from others	<u>35</u>
TOTAL ASSETS	<u><u>\$608,922</u></u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable	\$82,321
Unearned revenues - protest taxes	<u>14,763</u>
Total Liabilities	<u>97,084</u>
Fund equity fund balance -unreserved - undesignated	<u>511,838</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$608,922</u></u>

The accompanying notes are an integral part of this statement.

Statement D**UNION PARISH SHERIFF
Farmerville, Louisiana****Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets**

For the Year Ended June 30, 2004

Total Fund Balances at June 30, 2004 - Governmental Funds (Statement C)		\$511,838
Cost of capital assets at June 30, 2004	\$1,257,466	
Less: Accumulated depreciation as of June 30, 2004	<u>(755,265)</u>	502,201
Long-term liabilities at June 30, 2004		
Lease payable	53,307	
Interest payable	1,840	
Compensated absences payable	<u>6,187</u>	<u>(61,334)</u>
Net Assets at June 30, 2004		<u><u>\$952,705</u></u>

The accompanying notes are an integral part of this statement.

UNION PARISH SHERIFF
Farmerville, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance

For the Year Ended June 30, 2004

	GENERAL FUND
REVENUES	
Taxes:	
Ad valorem	\$510,062
Sales	1,640,671
Intergovernmental revenues:	
Federal grants	16,895
State grants:	
State supplemental pay	120,106
State revenue sharing (net)	106,159
Other	20,500
Local grants	92,898
Fees, charges, and commissions for services:	
Civil and criminal fees	174,671
Commissions on licenses and taxes	28,898
Court attendance	2,661
Transportation of prisoners	3,451
Bond fees	15,546
Accident reports	4,527
Tax notices, etc.	25,155
Use of money and property	13,903
Other	21,232
Total revenues	2,797,335
EXPENDITURES	
Public safety:	
Current:	
Personal services and related benefits	1,813,515
Operating services	477,763
Materials and supplies	162,999
Travel and other charges	51,377
Debt Service	136,100
Capital outlay	194,873
Intergovernmental	13,807
Total expenditures	2,850,434

(Continued)

Statement E

UNION PARISH SHERIFF
Farmerville, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance

	<u>GENERAL FUND</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(\$53,099)
OTHER FINANCING SOURCES:	
Proceeds from Lease	74,031
Proceeds from Insurance	<u>25,590</u>
Total Other Financing Sources	99,621
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	46,522
FUND BALANCE AT BEGINNING OF YEAR	<u>465,316</u>
FUND BALANCE AT END OF YEAR	<u><u>\$511,838</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

UNION PARISH SHERIFF
Farmerville, Louisiana

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

For the Year Ended June 30, 2004

Total net change in fund balances - governmental funds (Statement E)	\$46,522
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the period:	(31,184)
In the Statement of Activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(1,819)
Governmental funds report increase in capital lease as an increase in financial resources and an increase in capital outlay for the asset obtained through the lease. In the Statement of Activities, long term debt is increased when the lease is entered into and decreased as lease payments are made.	(74,031)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,224
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	<u>131,214</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$72,926</u></u>

The accompanying notes are an integral part of this statement.

UNION PARISH SHERIFF
Farmerville, Louisiana
Statement of Fiduciary Net Assets - Agency Funds

June 30, 2004

	TAX COLLECTOR FUND	CIVIL FUND	CRIMINAL FUND	TOTAL
ASSETS				
Cash and equivalents	\$152,061	\$15,928	\$59,545	\$227,534
Receivable		164		164
TOTAL ASSETS	<u>\$152,061</u>	<u>\$16,092</u>	<u>\$59,545</u>	<u>\$227,698</u>
LIABILITIES				
Due to taxing bodies and others	<u>\$152,061</u>	<u>\$16,092</u>	<u>\$59,545</u>	<u>\$227,698</u>

UNION PARISH SHERIFF
Farmerville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera. As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsmen licenses, and fines, costs, and bond forfeitures imposed by the district court.

The sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

The accompanying financial statements of the Union Parish Sheriff have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Sheriff’s overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Sheriff’s activities.

UNION PARISH SHERIFF
Farmerville, Louisiana
Notes to the Financial Statements (Continued)

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. REPORTING ENTITY

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

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

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

Because the police jury maintains and operates the parish courthouse in which the sheriff's office is located and provides partial funding for equipment, furniture and supplies of the sheriff's office, the sheriff was determined to be a component unit of the Union Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the Union Parish financial reporting entity.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The sheriff's basic financial statements include both government-wide (reporting the sheriff as a whole) and fund financial statements (reporting the sheriff's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the sheriff are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the sheriff, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets.

The government-wide financial statements are prepared using 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*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the sheriff's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

Allocation of Indirect Expenses - The sheriff reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the sheriff are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the sheriff. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The sheriff's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the sheriff are described as follows:

Governmental Fund Type

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the sheriff and is used to account for the operations of the sheriff's office. The various fees and charges due to the sheriff's office are accounted for in this fund. General operating expenditures are paid from this fund.

Fiduciary Fund Type - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from the funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

UNION PARISH SHERIFF
Farmerville, Louisiana
Notes to the Financial Statements (Continued)

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. 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 differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds 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

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

UNION PARISH SHERIFF
 Farmerville, Louisiana
 Notes to the Financial Statements (Continued)

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recognized when received by the sheriff.

Based on the above criteria, intergovernmental revenue and fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. CASH AND CASH EQUIVALENTS

Under state law, the sheriff may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the sheriff has cash and equivalents (book balances) totaling \$659,959 as follows:

Demand deposits	\$659,759
Petty cash	<u>200</u>
Total	<u>\$659,959</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. Cash and cash equivalents (bank balances) at June 30, 2004, are secured as follows:

Bank balances	<u>\$604,317</u>
Federal deposit insurance	\$414,167
Pledged securities (uncollateralized)	<u>1,166,265</u>
Total	<u>\$1,580,432</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the sheriff, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities

UNION PARISH SHERIFF
 Farmerville, Louisiana
 Notes to the Financial Statements (Continued)

within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the sheriff's name.

F. SALES TAX

The voters of the parish approved the continuance of a ½ of one percent sales and use tax and to levy an additional ½ of one percent sales and use tax for ten (10) years, beginning April 1, 2002. The proceeds of the sales tax are dedicated for the purpose of providing additional funding for the law enforcement district. The sheriff's office has entered into an agreement with the Union Parish School Board for collection of the tax. For its services, the school board receives one per cent (1%) of gross collections, not to exceed \$12,000 for a calendar year.

G. CAPITAL ASSETS

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

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the sheriff, 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>
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

H. VACATION AND SICK LEAVE

All employees are granted from one to two weeks of vacation leave each year, depending on length of service. Vacation leave must be taken in the year granted and may not be accumulated and carried forward to succeeding years. Sick leave is earned at a rate of eight hours per month, and may not be accumulated and carried forward to succeeding years.

UNION PARISH SHERIFF
 Farmerville, Louisiana
 Notes to the Financial Statements (Continued)

I. RISK MANAGEMENT

The sheriff is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. To handle such risk of loss, the sheriff maintains commercial insurance policies covering his automobiles and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2004.

2. RECEIVABLES

The General Fund receivables of \$176,462, at June 30, 2004, are as follows:

<u>Class of receivables</u>	
Taxes-Sales Tax	\$136,849
Federal grants	16,895
State grants	10,000
Non support fees	266
Transporting prisoners	625
Court attendance	238
Other	<u>11,589</u>
Total	<u><u>\$176,462</u></u>

3. CHANGES IN CAPITAL ASSETS

A summary of changes in office furnishings, vehicles, and equipment follows:

Adjusted balance at June 30, 2003	\$1,238,204
Additions	194,873
Deletions	<u>(175,611)</u>
Balance at June 30, 2004	1,257,466
Less accumulated depreciation	<u>(755,265)</u>
Net Capital Assets	<u><u>\$502,201</u></u>

4. PENSION PLAN

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

UNION PARISH SHERIFF

Farmerville, Louisiana

Notes to the Financial Statements (Continued)

All sheriffs and all deputies who are 18 years or older at the time of original employment, who earn not less than \$400 per month if employed after September 7, 1979 and before January 1, 1991; \$550 if employed between January 1, 1991 and December 31, 1999; and \$800 if employed after January 1, 2000 are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to 3.33 percent of their final-average salary for each year of credited service. The retirement benefit cannot exceed 100 per cent 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, 6554 Florida Blvd., Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the Union 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 Union Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Union Parish Sheriff's contributions to the System for the years ended June 30, 2004, 2003, and 2002 were \$129,698, \$105,695, and \$85,599, respectively, equal to the required contributions for each year.

5. POST RETIREMENT BENEFITS

The Union Parish Sheriff provides certain health care and life insurance benefits for retired employees. Substantially all of the sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the sheriff. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the sheriff. The sheriff recognizes the cost of providing these benefits (the sheriff's cost of premiums) as an expenditure when the monthly premiums are due, which was \$262,037 for the year ended June 30, 2004. Of this amount, \$7,449 was for retiree benefits.

UNION PARISH SHERIFF
 Farmerville, Louisiana
 Notes to the Financial Statements (Continued)

6. CHANGES IN AGENCY FUND BALANCES

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

	Tax Collector Fund	Civil Fund	Criminal Fund	Total
Balance, July 1, 2003	\$88,691	\$8,065	\$72,893	\$169,649
Additions	5,205,693	605,469	415,400	6,226,562
Deletions	<u>(5,142,323)</u>	<u>(597,442)</u>	<u>(428,748)</u>	<u>(6,168,513)</u>
Balance, June 30, 2004	<u>\$152,061</u>	<u>\$16,092</u>	<u>\$59,545</u>	<u>\$227,698</u>

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

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

	Compensated Absences	Capital Leases	Total
Long-term obligations at July 1, 2003	\$3,620	\$110,490	\$114,110
Additions	7,268	74,031	81,299
Deductions	<u>(4,701)</u>	<u>(131,214)</u>	<u>(135,915)</u>
Long-term obligations at June 30, 2004	<u>\$6,187</u>	<u>\$53,307</u>	<u>\$59,494</u>

The annual requirements to amortize all debt outstanding at June 30, 2004, including interest of \$4,516, are as follows:

<u>Year</u>	<u>Amount</u>
2005	\$31,814
2006	<u>26,009</u>
Less amount representing interest	<u>(4,516)</u>
TOTAL	<u><u>\$53,307</u></u>

8. LITIGATION AND CLAIMS

The Union Parish Sheriff is not involved in any litigation at June 30, 2004, nor is he aware of any unasserted claims.

UNION PARISH SHERIFF
 Farmerville, Louisiana
 Notes to the Financial Statements (Continued)

**9. EXPENDITURES OF THE SHERIFF'S OFFICE
 PAID BY THE PARISH POLICE JURY**

The Union Parish Sheriff's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Union Parish Police Jury.

10. GRANT PROGRAMS

The Union Parish Sheriff participates in various grant programs funded by the state and federal governments. The following schedule provides selected information on various grants for the year ended June 30, 2004.

	CFDA NUMBER	PASS THROUGH GRANT	EXPENDED
United States Department of Justice			
Passed through Louisiana Commission on Law			
Enforcement and Administration of Criminal Justice:			
Multi - Jurisdictional Task Force	16.579	B03-2-004	\$12,000
Direct program - Local Law Enforcement Block Grant	16.592	Z03-2-005	<u>4,895</u>
Total Federal Financial Assistance			<u><u>\$16,895</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

PART II

UNION PARISH SHERIFF
Farmerville, Louisiana

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes:				
Ad valorem	\$440,000	\$505,000	\$510,062	\$5,062
Sales	1,680,000	1,650,000	1,640,671	(9,329)
Intergovernmental revenues:				
Federal grants - federal revenue	25,000	15,000	16,895	1,895
State grants:				
State supplemental pay	115,000	120,000	120,106	106
State revenue sharing (net)	104,000	104,000	106,159	2,159
Other state grants	12,000	20,000	20,500	500
Local grant	75,500	76,500	92,898	16,398
Fees, charges, and commissions for services:				
Civil and criminal fees	160,000	163,000	174,671	11,671
Commissions on licenses and taxes	23,500	37,500	28,898	(8,602)
Court attendance	3,000	3,000	2,661	(339)
Transportation of prisoners	4,500	3,000	3,451	451
Bond fees	15,000	16,000	15,546	(454)
Accident reports	2,500	3,000	4,527	1,527
Tax notices, etc	6,000		25,155	25,155
Use of money and property	3,500	8,000	13,903	5,903
Other revenue	7,000	6,400	6,642	242
Total revenues	<u>2,676,500</u>	<u>2,730,400</u>	<u>2,782,745</u>	<u>52,345</u>
EXPENDITURES				
Public safety:				
Current:				
Personal services and benefits	1,833,000	1,850,000	1,813,515	36,485
Operating services	350,175	500,000	477,763	22,237
Materials and supplies	198,500	175,000	162,999	12,001
Travel and other charges	60,100	75,000	51,377	23,623
Debt service	108,850	111,000	136,100	(25,100)
Capital outlay	22,000	185,000	180,283	4,717
Intergovernmental			13,807	(13,807)
Total expenditures	<u>2,572,625</u>	<u>2,896,000</u>	<u>2,835,844</u>	<u>60,156</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	<u>103,875</u>	<u>(165,600)</u>	<u>(53,099)</u>	<u>112,501</u>

(Continued)

UNION PARISH SHERIFF
 Farmerville, Louisiana
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES				
Proceeds from lease		\$48,000	\$74,031	\$26,031
Proceeds from insurance		19,000	25,590	6,590
Total financing sources	<u>NONE</u>	<u>67,000</u>	<u>99,621</u>	<u>32,621</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$103,875	(98,600)	46,522	145,122
FUND BALANCES AT BEGINNING OF YEAR	<u>325,000</u>	<u>464,744</u>	<u>465,316</u>	<u>572</u>
FUND BALANCES AT END OF YEAR	<u>\$428,875</u>	<u>\$366,144</u>	<u>\$511,838</u>	<u>\$145,694</u>

(Concluded)

UNION PARISH SHERIFF
Farmerville, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2004

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Union Parish Sheriff's office during the month of June for comments from taxpayers. The budget is then legally adopted by the sheriff and amended during the year, as necessary. The budget is established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

OTHER SUPPLEMENTARY INFORMATION

PART III

UNION PARISH SHERIFF
Farmerville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year June 30, 2004

FIDUCIARY FUND TYPE - AGENCY FUNDS

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.

CIVIL FUND

The Civil Fund accounts for funds held in civil suits, sheriff's sales, and garnishments and payment to recipients in accordance with applicable laws.

CRIMINAL FUND

The Criminal Fund accounts for the collection of bonds, fines, and court costs in criminal matters and payment to recipients in accordance with applicable laws.

UNION PARISH SHERIFF
Farmerville, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Schedule of Changes in Unsettled Balances
Due to Taxing Bodies and Others
For the Year Ended June 30, 2004

	TAX COLLECTOR FUND	CIVIL FUND	CRIMINAL FUND	TOTAL
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS, JUNE 30, 2003	<u>\$88,691</u>	<u>\$8,065</u>	<u>\$72,893</u>	<u>\$169,649</u>
ADDITIONS				
Deposits:				
Sheriff's sales		411,278		411,278
Fines and costs			415,400	415,400
Garnishments		194,191		194,191
Taxes, fees, etc.,	<u>5,205,693</u>			<u>5,205,693</u>
Total additions	<u>5,205,693</u>	<u>605,469</u>	<u>415,400</u>	<u>6,226,562</u>
Total	<u>5,294,384</u>	<u>613,534</u>	<u>488,293</u>	<u>6,396,211</u>
REDUCTIONS				
Deposits settled to:				
Louisiana Forestry Commission	33,327			33,327
Louisiana Tax Commission	23,885			23,885
Louisiana Department of Wildlife & Fisheries			90	90
Union Parish:				
Sheriff's General Fund	672,071	97,538	100,615	870,224
Police Jury	2,044,962		18,771	2,063,733
School Board	881,459			881,459
Assessor	456,725			456,725
Clerk of Court	1,260	14,214	14,774	30,248
East Union Hospital	360,123			360,123
Tri-Ward Hospital	240,438			240,438
Ward Five Fire District	75,873			75,873
Spencer-West Sterlington Fire District	20,941			20,941
District 7 Fire District	31,094			31,094
District 1 Fire District	154,256			154,256
Municipalities	1,400		8,683	10,083
Pension funds	126,955			126,955
CMIS			2,003	2,003
District attorney			51,311	51,311
Indigent defender board			51,419	51,419

(Continued)

UNION PARISH SHERIFF
 Farmerville, Louisiana
 FIDUCIARY FUND TYPE - AGENCY FUNDS
 Schedule of Changes in Unsettled Balances
 Due to Taxing Bodies and Others, 2004

	TAX COLLECTOR FUND	CIVIL FUND	CRIMINAL	TOTAL
REDUCTIONS: (CONTD.)				
Deposits settled to: (Contd.)				
LA Rehabilitation Service			\$3,268	\$3,268
Criminal court fund			89,228	89,228
Judicial district court			35,336	35,336
Litigants		\$182,772		182,772
North Louisiana Crime Lab			15,706	15,706
Louisiana Commission on Law Enforcement			8,477	8,477
Redemptions	\$17,344			17,344
Other reductions	210	302,918	29,067	332,195
Total reductions	<u>5,142,323</u>	<u>597,442</u>	<u>428,748</u>	<u>6,168,513</u>
UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS, June 30, 2004	<u>\$152,061</u>	<u>\$16,092</u>	<u>\$59,545</u>	<u>\$227,698</u>

(Concluded)

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance with laws, regulations and contracts, and internal control over financial reporting are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

UNION PARISH SHERIFF
Farmerville, Louisiana

I have audited the basic financial statements of the Union Parish Sheriff, a component unit of the Union Parish Police Jury, as of and for the year ended June 30, 2004 and have issued my report thereon dated November 20, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

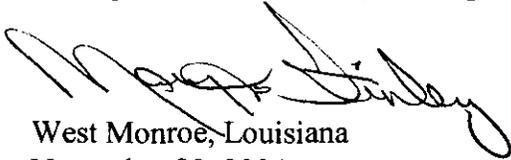
As part of obtaining reasonable assurance about whether the Union Parish Sheriff's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material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

Internal Control Over Financial Reporting

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

UNION PARISH SHERIFF
Farmerville, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 2004

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

A handwritten signature in black ink, appearing to read "M. J. Dinkley", is written over the typed name and date.

West Monroe, Louisiana
November 20, 2004

**UNION PARISH SHERIFF
Farmerville, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Union Parish Sheriff.
2. No instances of noncompliance material to the financial statements of the Union Parish Sheriff were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**UNION PARISH SHERIFF
Farmerville, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004**

There were no audit findings reported in the audit for the year ended June 30, 2003.