

**TERREBONNE PARISH SHERIFF
HOUMA, LOUISIANA**

Annual Financial Report

Year Ended June 30, 2007

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 1/30/08

TERREBONNE PARISH SHERIFF
HOUMA, LOUISIANA
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

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A PROFESSIONAL CORPORATION

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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 (the Sheriff) as of and for the year ended June 30, 2007, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Terrebonne Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

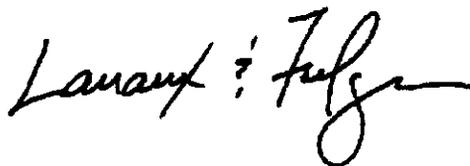
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major funds, and the aggregate remaining fund information of the Terrebonne Parish Sheriff as June 30, 2007, and the results of its operations for 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 28, 2007 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Management's Discussion and Analysis and other Required Supplementary Information, as listed in the 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 statements and schedules listed under the Supplemental Information Section 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 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.

December 28, 2007

A handwritten signature in black ink, appearing to read "Lavant J. Fudge". The signature is written in a cursive style with a large, stylized initial "L".

MANGEMENT'S DISCUSSION AND ANALYSIS

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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, 2007. 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 \$13,457,858 (net assets) for the fiscal year reported.

Net assets are comprised of the following:

1. Capital assets, net of related debt, of \$4,562,060 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 \$257,999 to pay principal and interest on long-term obligations.
3. Unrestricted net assets of \$8,637,799 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 \$9,251,295 this year. This compares to prior year ending fund balance of \$7,926,149, showing an increase of \$1,325,146. General fund balance of \$8,993,269 shows a \$1,309,023 increase from the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$8,990,797. 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, 2007

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 non-financial 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 12 and 13 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, 2007

provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 14 to 16 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 19 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 35 and 36 of this report.

In addition, other supplemental information providing details on the individual agency funds is presented on pages 37 to 39 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 \$13,457,858. The following table provides a comparative summary of the Sheriff's net assets:

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Summary of Net Assets

	Governmental Activities <u>6/30/2006</u>	% <u>Total</u>	Governmental Activities <u>6/30/2007</u>	% <u>Total</u>
Assets:				
Current assets and other assets	\$ 8,331,612	72%	\$ 9,492,054	64%
Capital assets	<u>3,305,712</u>	<u>28%</u>	<u>5,382,060</u>	<u>36%</u>
Total Assets	<u>11,637,324</u>	<u>100%</u>	<u>14,874,114</u>	<u>100%</u>
Liabilities:				
Current liabilities	887,383	51%	775,249	55%
Long-term liabilities	<u>853,606</u>	<u>49%</u>	<u>641,007</u>	<u>45%</u>
Total Liabilities	<u>1,740,989</u>	<u>100%</u>	<u>1,416,256</u>	<u>100%</u>
Net Assets:				
Investment in capital assests, net of debt	2,305,712	23%	4,562,060	34%
Restricted for debt service	240,807	2%	257,999	2%
Unrestricted	<u>7,349,816</u>	<u>74%</u>	<u>8,637,799</u>	<u>64%</u>
Total net assets	<u>\$ 9,896,335</u>	<u>100%</u>	<u>\$ 13,457,858</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 12.2 to 1 as compared to 9.4 to 1 for the prior year.

The Sheriff reported positive balances in net assets for the governmental activities. Net assets for the sheriff increased by \$3,561,523 in fiscal 2007 and increased by \$3,010,097 in fiscal 2006 for governmental activities.

Note that 34% 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, 2007

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

Summary of Changes in Net Assets

	<u>Governmental Activities 06/30/06</u>	<u>Percent of Total 06/30/06</u>	<u>Governmental Activities 06/30/07</u>	<u>Percent of Total 06/30/07</u>
Revenues:				
Program:				
Charges for services	\$ 4,113,797	18.35%	\$ 4,686,312	19.76%
Operating Grants	1,593,053	7.10%	672,545	2.84%
General:				
Ad Valorem taxes	3,739,607	16.68%	3,989,229	16.82%
Sales taxes	11,077,150	49.40%	10,972,844	46.26%
Unrestricted state grants	1,594,560	7.11%	2,018,459	8.51%
Interest earnings	142,917	0.64%	239,730	1.01%
Donations	161,665	0.72%	1,138,286	4.80%
Gain on disposal of assets	1,430	0.01%	-	0.00%
Total revenues	<u>22,424,179</u>	<u>100.00%</u>	<u>23,717,405</u>	<u>100.00%</u>
Program expenses:				
Public safety	19,358,601	99.71%	20,112,202	99.78%
Interest	55,481	0.29%	43,680	0.22%
Total expenses	<u>19,414,082</u>	<u>100.00%</u>	<u>20,155,882</u>	<u>100.00%</u>
Change in net assets	3,010,097		3,561,523	
Beginning net assets	<u>6,886,238</u>		<u>9,896,335</u>	
Ending net assets	<u>\$ 9,896,335</u>		<u>\$13,457,858</u>	

Governmental Revenues

The Sheriff is heavily reliant on ad valorem and sales taxes to support its operation. These taxes provided 63% and 66% of the sheriff's total revenues in fiscal years 2007 and 2006, respectively. Program revenues, intergovernmental agreements, sheriff's office fees and commissions, state grants, interest on deposits and other sheriff's office revenues funded 37% and 34% of governmental operating expenses in fiscal years 2007 and 2006, respectively.

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

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 \$43,680 and \$55,481 related to long-term debt in fiscal years 2007 and 2006, respectively. Of the total public safety costs, depreciation of the capital assets was \$790,755 or 3.9% and \$637,463 or 3.3% of total costs in fiscal years 2007 and 2006, 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 \$9,251,295 and \$7,926,149 for fiscal years 2007 and 2006, respectively. Of this year-end total, \$8,990,797 and \$7,682,527 is unreserved indicating availability for continuing the sheriff's activities for fiscal years 2007 and 2006, respectively. Legally restricted fund balances (Reserved fund balances) include \$260,498 and \$243,622 for inventory items, capital outlay and debt service in fiscal years 2007 and 2006, respectively.

For the year ended June 30, 2007, the total ending fund balances of governmental funds show an increase of \$1,325,146 and resulted mainly from revenues in excess of expenditures. For the year ended June 30, 2006, the total ending fund balances of governmental funds show an increase of \$2,583,466 and resulted mainly from revenues in excess of expenditures.

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 increased by \$1,309,023 from the prior year. In fiscal 2006, the General Fund increased approximately \$2,685,172. Current year revenues increased by \$1,293,871, and expenditures increased by \$2,670,331. The fund balance reflects an adequate reserve for unexpected occurrences.

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

TERREBONNE PARISH SHERIFF
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Budgetary Highlights

General Fund

The Budgetary Comparison Schedule for the General Fund displays original and final budgets and actual, with a variance column showing the favorable or (unfavorable) difference of actual with the final budget. The following shows the significant amendments to the original general fund budget:

Original Budget Revenues and Other Sources	\$ 20,596,500
Amendments were made for:	
Increase in self-generated fees, services, etc.	576,626
Increase in state appropriation	755,700
Total revenue amendments	<u>1,332,326</u>
Amended budget revenues	<u>\$ 21,928,826</u>
Original Budget Expenditures and Other Uses	\$ 19,603,295
Amendments were made for:	
Decrease in personal service	(213,520)
Decrease in contracted service	(344,000)
Increase in capital outlay	871,500
Increase in operation and maintenance	353,670
Total expenditure amendments	<u>667,650</u>
Amended budget expenditures	<u>\$ 20,270,945</u>

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following is a recap of capital asset categories and balances for Governmental Activities:

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2007</u>
Capital assets		
Furniture and fixtures	\$ 1,954,499	\$ 2,247,189
Boats and vehicles	3,533,447	3,769,356
Weapons and equipment	803,803	1,468,215
Buildings and land	1,858,995	2,604,995
 Total capital assets	 8,150,744	 10,089,755
Less accumulated depreciation	4,845,032	4,707,695
 Capital assets, net	 <u>\$ 3,305,712</u>	 <u>\$ 5,382,060</u>
 Percentage depreciated	 <u>59%</u>	 <u>47%</u>

Capital asset additions for the year were \$2,971,592 and reductions were \$1,032,581. Depreciation expense for the year was \$790,755.

Major additions to capital assets were as follows:

	<u>2006</u>	<u>2007</u>
Furniture and fixtures	\$ 157,572	\$ 440,866
Boats and vehicles	470,767	983,978
Weapons and equipment	165,754	800,748
Buildings and land	-	746,000
	<u>\$ 794,093</u>	<u>\$ 2,971,592</u>

Long-term debt:

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

	<u>2006</u>	<u>2007</u>
Judgements payable	\$ 54,891	\$ 33,605
Certificates of indebtedness	1,000,000	820,000
	<u>\$ 1,054,891</u>	<u>\$ 853,605</u>

The Sheriff reduced long-term obligations by \$201,286 and \$305,049 during the fiscal years ended June 30, 2007 and 2006, respectively.

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approximately 63% 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 2008 budget is expected to approximate fiscal year's 2007 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, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and interest-bearing deposits	\$ 7,794,994
Due from other governmental units	1,693,335
Other receivables	1,226
Inventory	2,499
Capital assets, net	<u>5,382,060</u>
Total assets	14,874,114
<u>LIABILITIES</u>	
Accounts payable and other accrued payables	240,759
Accrued employee benefits—estimated liability for outstanding medical claims and compensated absences	321,892
Long-term liabilities:	
Due within one year	212,598
Due after one year	<u>641,007</u>
Total liabilities	1,416,256
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	4,562,060
Restricted for debt service	257,999
Unrestricted	<u>8,637,799</u>
Total net assets	<u>\$ 13,457,858</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Statement of Activities

For the Year Ended June 30, 2007

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	\$ 20,112,202	\$ 4,688,312	\$ 672,545	\$ (14,753,345)
Interest on long-term debt	43,680	-	-	(43,680)
Total governmental activities	\$ 20,155,882	\$ 4,688,312	\$ 672,545	\$ (14,797,025)
General Revenues:				
Ad valorem taxes				3,889,229
Sales taxes				10,972,844
Unrestricted state grants				2,018,459
Interest and investment earnings				239,730
Donations				1,138,286
Total general revenues				18,358,548
Change in net assets				3,561,523
Net assets at beginning of year				9,896,335
Net assets at end of year				\$ 13,457,858

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Balance Sheet - Governmental Funds

June 30, 2007

	General Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash and interest-bearing deposits	\$ 7,536,995	\$ 257,999	\$ 7,794,994
Receivables:			
Due from other governmental units	1,693,335	-	1,693,335
Other receivables	1,226	-	1,226
Inventory	2,499	-	2,499
Total assets	\$ 9,234,055	\$ 257,999	\$ 9,492,054
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 240,759	\$ -	\$ 240,759
Total liabilities	240,759	-	240,759
Fund balances:			
Reserved for inventory	2,499	-	2,499
Reserved for debt service	-	257,999	257,999
Unreserved, undesignated	8,990,797	-	8,990,797
Total fund balances	8,993,296	257,999	9,251,295
Total liabilities and fund balance	\$ 9,234,055	\$ 257,999	\$ 9,492,054

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, 2007

Total fund balances - governmental funds		\$	9,251,295
Amounts reported for governmental activities in the statement of net assets are different because:			
Cost of capital assets at June 30, 2007	\$	10,089,755	
Less: accumulated depreciation as of June 30, 2007:			
Furniture and fixtures		(1,516,193)	
Boats and vehicles		(2,304,872)	
Weapons and equipment		(595,618)	
Buildings and land		(291,012)	
		<u>(4,707,695)</u>	5,382,060
Long-term liabilities at June 30, 2007:			
Certificates of indebtedness		(820,000)	
Judgments payable		(33,605)	
Compensated absences payable		(321,892)	
		<u>(1,175,497)</u>	
Total net assets - governmental activities		\$	<u>13,457,858</u>

The accompanying notes are an integral part of this statement.

Houma, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2007

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 3,989,229	\$ -	\$ -	\$ 3,989,229
Sales taxes	10,972,844	-	-	10,972,844
Intergovernmental revenues:				
Federal grants	280,961	-	-	280,961
State D.A.R.E. grant	102,857	-	-	102,857
State revenue sharing, net	213,398	-	-	213,398
State supplemental pay	823,922	-	-	823,922
State gaming revenue	981,139	-	-	981,139
State training grants	30,280	-	-	30,280
Local government	258,447	-	-	258,447
Fees, charges, and commissions for services:				
Commissions and contract service	516,982	-	-	516,982
Civil and criminal fees	780,918	-	-	780,918
Court attendance	24,628	-	-	24,628
Court awards	148,004	-	-	148,004
Transporting prisoners	48,112	-	-	48,112
Feeding and keeping prisoners	2,191,547	-	-	2,191,547
Commissary sales	169,626	-	-	169,626
Other	806,495	-	-	806,495
Miscellaneous:				
Interest	228,170	11,511	49	239,730
Donations	1,138,286	-	-	1,138,286
Total revenues	23,705,845	11,511	49	23,717,405
Expenditures:				
Current:				
Public safety:				
Personal services and related benefits	11,911,552	-	-	11,911,552
Operating services	3,301,381	-	-	3,301,381
Operation and maintenance	3,996,866	-	-	3,996,866
Debt service:				
Principal	21,286	180,000	-	201,286
Interest	2,714	43,680	-	46,394
Capital outlay	2,971,538	-	-	2,971,538
Total expenditures	22,205,337	223,680	-	22,429,017
Excess (deficiency) of revenues over expenditures	1,500,508	(212,169)	49	1,288,388
Other financing sources (uses):				
Proceeds from sale of capital assets	36,758	-	-	36,758
Transfers from other funds	1,117	229,360	-	230,477
Transfers to other funds	(229,360)	-	(1,117)	(230,477)
Total other financing sources (uses)	(191,485)	229,360	(1,117)	36,758
Excess of revenues and other sources over (under) expenditures and other uses	1,309,023	17,191	(1,068)	1,325,146
Fund balance at beginning of year	7,684,273	240,808	1,068	7,926,149
Fund balance at end of year	\$ 8,993,296	\$ 257,999	\$ -	\$ 9,251,295

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, 2007

Total net changes in fund balance - governmental funds		\$	1,325,146
Capital assets:			
Capital outlay	\$	2,971,592	
Basis of capital assets removed from service		(67,731)	
Depreciation expense for the year ended June 30, 2007		<u>(790,755)</u>	2,113,106
Long-term debt:			
Principal portion of debt service payments		180,000	
Principal portion of judgments payable		21,286	
Compensated absences and other adjustments		<u>11,985</u>	<u>213,271</u>
Change in net assets - governmental activities		\$	<u>3,651,523</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and interest-bearing deposits	<u>\$ 1,638,774</u>
Total assets	<u>\$ 1,638,774</u>
<u>LIABILITIES</u>	
Due to taxing bodies, prisoners and others	<u>\$ 1,638,774</u>
Total liabilities	<u>\$ 1,638,774</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, 2007 was made available for public inspection on May 25, 2006. A notice concerning the public hearing was published in the official journal on May 25, 2006. The public hearing was held at the Terrebonne Parish Sheriff's office on June 5, 2006 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 and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market. 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

Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At June 30, 2007, the Sheriff had no investments in LAMP.

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.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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

During the year, a building, land, and various equipment were donated to Terrebonne Parish Sheriff as follows:

	<u>Date</u>	<u>Fair Market Value</u>
Building	08/14/06	\$ 591,000
Land	08/14/06	155,000
Equipment	08/14/06	157,822
Gun	08/03/06	800
Radios	various	309,419
Total		\$ 1,214,041

The building donation contained a provision that it shall not be sold, transferred, or sublet for a minimum period of two years.

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.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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 is 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.

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.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

2) Levied Taxes

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2007 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 \$532,633,035

Total law enforcement taxes levied during 2007 were \$4,030,468

3) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the Sheriff has cash and interest-bearing deposits as follows:

	Government-wide Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Demand deposits and cash on hand	\$ 1,012,762	\$ -	\$ 1,012,762
Interest-bearing deposits	6,782,232	1,638,774	8,421,006
Total cash and cash equivalents	\$ 7,794,994	\$ 1,638,774	\$ 9,433,768

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. 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 similar federal security 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 Sheriff or the pledging fiscal agent bank by 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, 2007, are secured as follows:

Bank balances	\$ 10,160,278
Federal deposit insurance	600,000
Pledged securities (Category 3)	13,775,690
Total secured deposits	<u>14,375,690</u>
Excess of secured deposits over bank balances	<u>\$ 4,215,412</u>

As of June 30, 2007, the Sheriff's total bank balances were fully insured and collateralized with securities held in the name of the sheriff by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

4) Receivables

Amounts receivable at June 30, 2007, consist of the following:

	General Fund
Sales taxes	\$ 994,779
Maintenance of prisoners	261,723
Grants receivable	40,937
Commissions	188,841
Court attendance, civil and criminal fees	40,363
Video poker	151,415
Other	15,277
	<u>\$ 1,693,335</u>

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

5) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2007 are as follows:

	Furniture & Fixtures	Boats & Vehicles	Weapons & Equipment	Buildings & Land	Total
Cost of capital assets, June 30, 2006	\$1,954,499	\$3,533,447	\$ 803,803	\$1,858,995	\$8,150,744
Additions	440,866	983,978	800,748	746,000	2,971,592
Deletions	(148,176)	(748,069)	(136,336)	-	(1,032,581)
Cost of capital assets, June 30, 2007	<u>2,247,189</u>	<u>3,769,356</u>	<u>1,468,215</u>	<u>2,604,995</u>	<u>10,089,755</u>
Accumulated depreciation, June 30, 2006	1,447,347	2,562,554	616,386	218,745	4,845,032
Additions	201,681	419,678	97,129	72,267	790,755
Deletions	(132,835)	(677,360)	(117,897)	-	(928,092)
Accumulated depreciation, June 30, 2007	<u>1,516,193</u>	<u>2,304,872</u>	<u>596,618</u>	<u>291,012</u>	<u>4,707,695</u>
Capital assets net of accumulated depreciation, at June 30, 2007	<u>\$ 730,996</u>	<u>\$1,464,484</u>	<u>\$ 872,597</u>	<u>\$2,313,983</u>	<u>\$5,382,060</u>

Depreciation expense of \$790,755 for the year ended June 30, 2007 was charged to the general fund governmental function.

6) Accounts Payable and Other Accrued Payables

At June 30, 2007, accounts payable and other accrued payables are as follows:

	General Fund
Operation and maintenance	98,691
Accrued payroll liabilities	142,068
	<u>\$ 240,759</u>

7) 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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

trustees. The System was established and provided for within LSA-RS 11:2171 of the Louisiana Revised Statutes.

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.

Funding Policy. Plan members are required by state statute to contribute 10.00% of their annual covered salary and the sheriff is required to contribute at an actuarially determined rate. The current rate is 11.00% 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. Beginning fiscal year ending June 30, 2007, the sheriff's contribution to the System is for both the employee and employer share. The sheriff's contributions to the System for the years ending June 30, 2007, 2006, and 2005, were \$2,009,091 (employer and employee, 21%), \$970,203 (employer, 10.75%), and \$946,360 (employer, 7.75%), respectively, which equaled the required contributions for each year.

8) 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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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 employee's total years of service. For the year ended June 30, 2007, the Sheriff made matching contributions under this plan in the amount of \$122,115.

9) Compensated Absences

At June 30, 2007, employees of the sheriff have accumulated and vested \$321,892 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.

10) Leases

During the year ended June 30, 2007, rent expense under all operating leases totaled \$21,761. As of June 30, 2007 there were no commitments under non-cancelable operating leases.

11) Changes in Agency Fund Balances

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

12) Long-Term Obligations

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, 2007:

	Bond Debt	Judgements Payable	Total
Long-term obligations at July 1, 2006	\$ 1,000,000	\$ 54,891	\$ 1,054,891
Additions	-	-	-
Deductions	(180,000)	(21,286)	(201,286)
Long-term obligations at June 30, 2007	<u>\$ 820,000</u>	<u>\$ 33,605</u>	<u>\$ 853,605</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:

	Bond Debt	Judgements Payable	Total
Current portion	\$ 190,000	\$ 22,598	\$ 212,598
Long-term portion	630,000	11,007	641,007
Long-term obligations at June 30, 2007	<u>\$ 820,000</u>	<u>\$ 33,605</u>	<u>\$ 853,605</u>

All principal and interest requirements are funded in accordance with Louisiana law by the general revenues of the sheriff. At June 30, 2007, the sheriff has accumulated \$257,999 in the debt service fund for future debt requirements. The amounts due on debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 190,000	\$ 34,800	\$ 224,800
2009	200,000	25,400	225,400
2010	210,000	15,600	225,600
2011	220,000	5,280	225,280
	<u>\$ 820,000</u>	<u>\$ 81,080</u>	<u>\$ 901,080</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, 2007, the statutory limit is approximately \$186,422,000, and outstanding bonded debt totals \$820,000.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

13) Interfund Transfers

The following interfund transfers were incurred during the year ended June 30, 2007:

	Transfers	
	In	Out
<u>GOVERNMENTAL FUNDS</u>		
GENERAL FUND:		
Debt Service Fund	\$ -	\$ 229,360
Capital Projects Fund	1,117	-
Total	1,117	229,360
DEBT SERVICE FUND:		
General Fund	229,360	-
CAPITAL PROJECTS FUND:		
General Fund	-	1,117
Totals	\$ 230,477	\$ 230,477

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

14) 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, 2007, 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, 2007, 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 12 above.

15) 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

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

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, 2007, the costs of retiree benefits totaled \$135,167. There were thirty-three eligible participants at year end receiving benefits.

16) 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, 2007, \$823,922 was received from the state and is included in revenues under the state supplemental pay and in expenses under personal services and related benefits on the combined statement of revenue, expenditures, and changes in fund balance.

17) Taxes Paid Under Protest

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2007 includes \$460,624 of taxes paid under protest plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>		WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Ad valorem tax	\$ 3,750,000	\$ 3,800,000	\$ 3,989,229	\$ 189,229
Sales taxes	11,000,000	11,550,000	10,972,844	(577,156)
Intergovernmental revenues:				
Federal grants	50,000	621,355	280,961	(340,394)
State D.A.R.E. grant	25,000	46,335	102,857	56,522
State revenue sharing, net	213,000	215,000	213,398	(1,602)
State supplemental pay	635,000	800,000	623,922	23,922
State gaming revenue	755,000	775,000	981,139	206,139
State training grants	190,000	200,000	30,280	(169,720)
Local government	200,000	225,000	258,447	33,447
Fees, charges, and commissions for services:				
Commissions and contract service	623,000	671,165	516,982	(154,183)
Civil and criminal fees	647,500	603,000	780,918	177,918
Court attendance	31,000	31,000	24,628	(6,372)
Court awards	7,000	5,000	148,004	143,004
Transporting prisoners	28,000	30,000	48,112	18,112
Feeding and keeping prisoners	1,975,000	1,305,000	2,191,547	886,547
Commissary sales	110,000	200,000	169,626	(30,374)
Other	232,000	510,154	806,495	296,341
Interest	100,000	155,000	228,170	73,170
Donations	10,000	175,817	1,138,286	962,469
Total revenues	<u>20,581,500</u>	<u>21,918,826</u>	<u>23,705,845</u>	<u>1,787,019</u>
<u>EXPENDITURES</u>				
Public safety:				
Personal services and related benefits	11,963,865	11,583,145	11,911,552	(328,407)
Operating services	3,551,500	3,777,500	3,301,381	476,119
Operation and maintenance	3,433,750	3,384,620	3,996,866	(612,246)
Debt service principal		-	21,286	(21,286)
Debt service interest		-	2,714	(2,714)
Capital outlay	430,500	1,302,000	2,971,538	(1,669,538)
Total expenditures	<u>19,379,615</u>	<u>20,047,265</u>	<u>22,205,337</u>	<u>(2,158,072)</u>
Excess (deficiency) of revenues over expenditures	<u>1,201,885</u>	<u>1,871,561</u>	<u>1,500,508</u>	<u>(371,053)</u>

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, continued
For the Year Ended June 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Other financing sources (uses):				
Proceeds from sale of capital assets	\$ 15,000	\$ 10,000	\$ 36,758	\$ 26,758
Operating transfers in	-	-	1,117	1,117
Operating transfers out	<u>(223,680)</u>	<u>(223,680)</u>	<u>(229,360)</u>	<u>(5,680)</u>
Total other financing sources (uses)	(208,680)	(213,680)	(191,485)	22,195
Excess (deficiency) of revenues and other sources over expenditures and other uses	993,205	1,657,881	1,309,023	(348,858)
Fund balance at beginning of year	<u>7,426,161</u>	<u>7,684,273</u>	<u>7,684,273</u>	-
Fund balance at end of year	<u>\$ 8,419,366</u>	<u>\$ 9,342,154</u>	<u>\$ 8,993,296</u>	<u>\$ (348,858)</u>

SUPPLEMENTAL INFORMATION SCHEDULES

TERREBONNE PARISH SHERIFF
Houma, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2007

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.

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, 2007

	Sheriff's Fund	Tax Collector Fund	Bonds & Fines Fund	Inmate Deposit Fund	Scholarship and Gift Fund	Total
ASSETS						
Interest-bearing deposits	\$ 146,445	\$ 462,059	\$ 948,967	\$ 68,853	\$ 12,450	\$ 1,638,774
Total assets	\$ 146,445	\$ 462,059	\$ 948,967	\$ 68,853	\$ 12,450	\$ 1,638,774
LIABILITIES						
Due to taxing bodies and others	\$ 146,445	\$ 462,059	\$ 948,967	\$ -	\$ 12,450	\$ 1,569,921
Due to prisoners	-	-	-	68,853	-	68,853
Total liabilities	\$ 146,445	\$ 462,059	\$ 948,967	\$ 68,853	\$ 12,450	\$ 1,638,774

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, 2007

	Sheriff's Fund	Tax Collector Fund	Bonds & Fines Fund	Inmate Deposit Fund	Scholarship and Gift Fund	Total
Balances, beginning of year	\$ 119,422	\$ 398,075	\$ 755,763	\$ 60,564	\$ 11,279	\$ 1,343,103
Additions:						
Deposits	3,744,627	-	-	-	-	3,744,627
Suits, sales, and garnishments	-	-	903,461	-	-	903,461
Bonds	-	-	1,512,848	-	-	1,512,848
Fines and cost	-	-	-	652,031	-	652,031
Prisoner deposits	-	-	-	-	-	-
Taxes, fees, etc., paid to tax collector	-	53,090,820	-	-	-	53,090,820
Employee contributions	-	-	-	-	2,881	2,881
Interest	-	126,923	325,226	-	-	452,149
Total additions	3,744,627	53,217,743	2,741,535	652,031	2,881	60,358,817
Total	3,864,049	53,613,818	3,497,298	712,595	14,160	61,701,920
Reductions:						
Taxes, fees, etc., distributed to taxing bodies and others	-	51,963,852	-	-	-	51,963,852
Deposits settled to -						
Sheriff's General Fund	408,705	1,087,907	38,416	-	-	1,535,028
Clerk of Court	231,439	-	1,428,424	-	-	1,659,863
Litigants	2,979,649	100,000	-	-	-	3,079,649
Scholarships and gifts	-	-	-	-	1,710	1,710
Other settlements	97,811	-	1,081,491	643,742	-	1,823,044
Total reductions	3,717,604	53,151,759	2,548,331	643,742	1,710	60,063,146
Balances, end of year	\$ 146,445	\$ 452,059	\$ 948,967	\$ 68,853	\$ 12,450	\$ 1,638,774

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

The Honorable 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, 2007, and have issued our report thereon dated December 28, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Terrebonne Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Terrebonne Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Terrebonne Parish Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Terrebonne Parish Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Terrebonne Parish Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the Terrebonne Parish Sheriff's internal control. We consider the deficiencies described as items 2007-01 and 2007-02 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Terrebonne Parish Sheriff's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above (2007-01 and 2007-02) are material weaknesses.

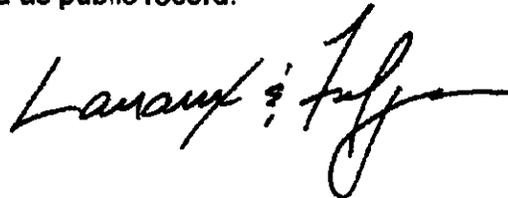
Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2007-02.

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Terrebonne Parish Sheriff, the State of Louisiana and the Legislative Auditor for the State of Louisiana 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 28, 2007



TERREBONNE PARISH SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2007

We have audited the financial statements of the Terrebonne Parish Sheriff as of and for the year ended June 30, 2007, and have issued our report thereon dated December 28, 2007. 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. Our audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

Section I – Summary of Auditor's Reports

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

Internal Control:

Material Weakness XX Yes ___ No

Significant deficiencies identified
not considered to be material weakness ___ Yes XX No

Compliance:

Compliance Material to Financial Statements XX Yes ___ No

b. Federal Awards - (Not applicable)

c. Identification of Major Programs – (Not applicable)

Section II – Financial Statement Findings

2007-01 FIXED ASSET RECONCILIATION

Statement of Condition: The Sheriff's office keeps a database of fixed assets from 1975 to current. However, current year additions are not reconciled to the general ledger capital outlay accounts. Also, asset donations are not recorded on the general ledger.

Criteria: Reconciling the subsidiary records to the general ledger is essential in maintaining proper control over fixed asset inventory.

Cause of Condition: This issue is caused by lack of monitoring the coding of the asset expenditures for general ledger posting, not periodically comparing the general ledger capital outlay accounts with the fixed asset schedule, and not posting asset donations to the general ledger.

Effect on Condition: This issue has caused the Sheriff's schedule to not reconcile with the capital outlay accounts and various audit adjustments and reclassifying entries to be made in order to reconcile the general ledger to the asset schedules.

**TERREBONNE PARISH SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2007**

Recommendation: The Sheriff should keep a close watch on the coding of the asset expenditures for general ledger posting, periodically compare the general ledger capital outlay accounts with the fixed asset schedule and adjust as necessary, and post asset donations at estimated fair market value at the time of acquisition.

Auditee's Response: See Management's Corrective Action Plan on page 45.

2007-02 STATE BUDGET LAW

Statement of Condition: Actual expenditures exceeded budgeted expenditures by 10.8% or \$2,158,072.

Criteria: Per Local Government Budget Act (Louisiana Revised Statutes 39:1311), state budget law requires independently elected officials of local governmental units to amend the budget when total actual expenditures exceed the total budgeted expenditures by five percent or more.

Cause of Condition: A donated building, land, and various equipment valued at \$1,214,041 were not recorded on the general ledger as revenue and capital outlay expenditures.

Effect on Condition: This issue has caused noncompliance with the state budget law requirements for Louisiana Revised Statutes 39:1311.

Recommendation: The Sheriff should develop and implement procedures to insure that donations of assets are properly reported in the general ledger.

Auditee's Response: See Management's Corrective Action Plan on page 45.

Section III – Federal Award Findings and Questioned Costs

Not applicable

Section IV – Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2007.

**TERREBONNE PARISH SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2007**

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

No findings were reported for the year ended June 30, 2006 that required a response from management.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings were reported for the year ended June 30, 2006 that required a response from management.

SECTION III - MANAGEMENT LETTER

No management letter was issued for the year ended June 30, 2006.

**TERREBONNE PARISH SHERIFF
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2007**

Section I - Internal Control and Compliance Material to the Financial Statements

2007-01 FIXED ASSET RECONCILIATION

Statement of Condition: The Sheriff's office keeps a database of fixed assets from 1975 to current. However, current year additions are not reconciled to the general ledger capital outlay accounts. Also, asset donations are not recorded on the general ledger.

Recommendation: The Sheriff should keep a close watch on the coding of the asset expenditures for general ledger posting, periodically compare the general ledger capital outlay accounts with the fixed asset schedule and adjust as necessary, and post asset donations at estimated fair market value at the time of acquisition.

Action Taken: The Sheriff will compare the auditors fixed assets schedule with their database and reconcile the difference. Also, the Sheriff's office will monitor the posting of asset expenditures and periodically compare the general ledger capital outlay accounts with the fixed asset schedule and reconcile any difference. An effort will be made to record asset donations at fair market value to the general ledger.

2007-02 STATE BUDGET LAW

Statement of Condition: Actual expenditures exceeded budgeted expenditures by 10.8% or \$2,158,072.

Recommendation: The Sheriff should develop and implement procedures to insure that donations of assets are properly reported in the general ledger.

Action Taken: The Sheriff will develop and implement procedures to insure that donations of assets are properly reported in the general ledger.

Section II – Compliance and Internal Control Material to Federal Awards

Not applicable.

Section III – Management Letter

No management letter was issued.