

**NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2003**

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
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JUNE 30, 2003

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GENERAL PURPOSE FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Honorable Victor Jones
Natchitoches Parish Sheriff
P. O. Box 266
Natchitoches, Louisiana 71457

We have audited the accompanying general purpose financial statements of the Natchitoches Parish Sheriff, Natchitoches, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Natchitoches Parish Sheriff and his 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Parish Sheriff, Natchitoches, Louisiana, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 30, 2003, on our consideration of the Natchitoches Parish Sheriff's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Natchitoches Parish Sheriff, Natchitoches, Louisiana, taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Hines, Jackson & Hines

Natchitoches, Louisiana
September 30, 2003

COMBINED STATEMENTS - OVERVIEW

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	<u>Governmental</u> <u>Fund Types</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Proprietary</u> <u>Fund Type</u>	<u>Account Groups</u>	<u>Total</u>
	<u>General</u>	<u>Agency</u> <u>Funds</u>	<u>Enterprise</u>	<u>General</u> <u>Fixed Assets</u>	<u>(Memorandum</u> <u>Only)</u>
ASSETS					
Cash	\$ 422,007	\$ 940,889	\$ 264,345	\$ 0	\$ 1,627,241
Investments	579,488	0	944,841	0	1,524,329
Receivables	64,904	0	316,927	0	381,831
Property and equipment, net	0	0	2,587,402	1,680,233	4,267,635
Deferred debt expense, net	0	0	135,362	0	135,362
Total Assets	<u>\$ 1,066,399</u>	<u>\$ 940,889</u>	<u>\$ 4,248,877</u>	<u>\$ 1,680,233</u>	<u>\$ 7,936,398</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 29,918	\$ 0	\$ 152,037	\$ 0	\$ 181,955
Accrued liabilities	9,085	0	22,857	0	31,942
Due to taxing bodies and others	0	940,889	0	0	940,889
Revenue bonds	0	0	2,815,000	0	2,815,000
Certificate of indebtedness	0	0	108,000	0	108,000
Total Liabilities	39,003	940,889	3,097,894	0	4,077,786
Fund Equity					
Investment in general fixed assets	0	0	0	1,680,233	1,680,233
Retained earnings, Unreserved	0	0	1,150,983	0	1,150,983
Fund balance, Unreserved	1,027,396	0	0	0	1,027,396
Total Fund Equity	1,027,396	0	1,150,983	1,680,233	3,858,612
Total Liabilities and Fund Equity	<u>\$ 1,066,399</u>	<u>\$ 940,889</u>	<u>\$ 4,248,877</u>	<u>\$ 1,680,233</u>	<u>\$ 7,936,398</u>

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003

Revenues	
Taxes	\$ 2,080,530
Intergovernmental	613,612
Fees, charges, and commissions for services	474,173
Interest	38,689
Other	<u>38,582</u>
Total Revenues	3,245,586
Expenditures	
Public Safety	
Personal services	2,431,891
Travel	16,411
Operating services	347,182
Supplies	328,799
Professional services	14,150
Capital outlay	<u>201,054</u>
Total Expenditures	<u>3,339,487</u>
Excess of Revenues Over/(Under) Expenditures	(93,901)
Other Financing Sources/(Uses)	
Sale of equipment	7,834
Transfers in	<u>60,559</u>
Total Other Financing Sources/(Uses)	<u>68,393</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(25,508)
FUND BALANCE, Beginning of year	<u>1,052,904</u>
FUND BALANCE, End of year	<u>\$ 1,027,396</u>

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Fav./ (Unfav.)</u>
Revenues			
Taxes	\$ 2,030,000	\$ 2,080,530	\$ 50,530
Intergovernmental	614,000	613,612	(388)
Fees, charges, and commissions for services	441,500	474,173	32,673
Interest	16,000	38,689	22,689
Other	<u>43,633</u>	<u>38,582</u>	<u>(5,051)</u>
Total Revenues	3,145,133	3,245,586	100,453
Expenditures			
Public safety			
Salaries and related benefits	2,385,875	2,431,891	(46,016)
Travel	20,000	16,411	3,589
Operating services	367,500	347,182	20,318
Supplies	330,000	328,799	1,201
Professional services	20,000	14,150	5,850
Capital outlay	<u>202,000</u>	<u>201,054</u>	<u>946</u>
Total Expenditures	<u>3,325,375</u>	<u>3,339,487</u>	<u>(14,112)</u>
Excess of Revenues Over/(Under) Expenditures	(180,242)	(93,901)	86,341
Other Financing Sources/(Uses)			
Sale of equipment	10,000	7,834	(2,166)
Transfers in	<u>65,000</u>	<u>60,559</u>	<u>(4,441)</u>
Total Other Financing Sources/(Uses)	<u>75,000</u>	<u>68,393</u>	<u>(6,607)</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(105,242)	(25,508)	79,734
FUND BALANCE, Beginning of year	<u>1,052,904</u>	<u>1,052,904</u>	<u>0</u>
FUND BALANCE, End of year	<u>\$ 947,662</u>	<u>\$ 1,027,396</u>	<u>\$ 79,734</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise
Operating Revenues	
Charges for Services	\$ 3,821,997
Commissary	511,745
Intergovernmental	19,379
Other	74,551
Total Operating Revenues	4,427,672
Operating Expenses	
Amortization	10,480
Commissary	402,025
Depreciation	226,866
Employee benefits	327,270
Food	451,306
Insurance	282,723
Medical	275,322
Miscellaneous	9,935
Payroll taxes	25,236
Professional services	36,675
Repairs and maintenance	51,706
Retirement	89,127
Salaries	1,255,967
Supplies	236,827
Training	12,228
Utilities	206,034
Total Operating Expense	3,899,727
Operating Income	527,945
Nonoperating Revenues/(Expenses)	
Interest income	13,689
Interest expense	(215,831)
Transfers out	(60,559)
Total Nonoperating Revenues/(Expenses)	(262,701)
Net Income	265,244
Retained Earnings, Beginning of year	885,739
Retained Earnings, End of year	\$ 1,150,983

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise
Cash Flows From Operating Activities	
Net operating income	\$ 527,945
Adjustments to reconcile net operation income to net cash provided by/(used in) operating activities	
Amortization	10,480
Depreciation	226,866
(Increase)/decrease in operating assets	
Accounts Receivable	(33,299)
Increase/(decrease) in operating liabilities	
Accounts Payable	(24,499)
Accrued liabilities	(7,359)
Net Cash From Operating Activities	700,134
Cash Flows From Capital and Related Financing Activities	
Payment on borrowing-Natchitoches Parish Sheriff, general fund	(60,559)
Payment on revenue bonds	(150,000)
Payment on certificates of indebtedness	(32,000)
Payment for capital acquisition-building	(406,073)
Payment for capital acquisition-equipment	(14,836)
Payment for capital acquisition-furniture and fixtures	(3,128)
Payment for capital acquisition-vehicle	(2,460)
Interest paid	(217,191)
Net Cash From Capital and Related Financing Activities	(886,247)
Cash Flows From Investing Activities	
Receipt of interest	13,689
Purchase of investments	(16,464)
Net Cash From Investing Activities	(2,775)
Net Increase/(Decrease) in Cash	(188,888)
CASH, Beginning of year	453,233
CASH, End of year	\$ 264,345

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 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 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. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

The financial statements of the Natchitoches Parish Sheriff have been prepared in conformity with 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. The more significant of the Sheriff's accounting policies are described below:

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Natchitoches Parish Police Jury is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of a) the primary government, b) organizations for which the 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 Statement No. 14 established criteria for determining which component units should be considered part of the primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. 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 primary government to impose its will on an organization and/or b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
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.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

The Natchitoches Parish Sheriff is an independent elected parish official. His office receives funding primarily through ad valorem taxes, fees, charges, and commissions for services. The office is independent and receives no financial benefit from the Natchitoches Parish Police Jury other than the provision of office space. The Natchitoches Parish Sheriff was determined not to be a component unit of the Natchitoches Parish Police Jury.

Based on the application of criteria established by GASB Statement No. 14, it was determined that the Natchitoches Parish Sheriff has no financial accountability and exercises no oversight responsibility for any other entity. Therefore, the accompanying financial statements present information only on the funds maintained by the Natchitoches Parish Sheriff.

B. FUND ACCOUNTING

The accounts of the sheriff are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Fund accounting is designed to demonstrate legal compliance with laws, regulations, or other restrictions. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Governmental Fund Types - These are funds through which most governmental functions typically are financed.

General Fund

The General Fund, as provided by Louisiana Revised Statutes 33:1422, is the principal fund of the sheriff's office and is used to account for the operations of the sheriff's office. The sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Proprietary Fund Types - Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary for sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Sheriff applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund

The enterprise fund is used to account for operations a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FUND ACCOUNTING (CONTINUED)

Fiduciary Fund Types - These funds account for assets held by the Sheriff as a trustee or agent for individuals or other units of governments.

Agency Funds

The agency funds are used as depositories for ad valorem taxes, civil suits, cash bonds, taxes and fees. Disbursements from the funds are made to various parish agencies, litigants in suits, and others, in the manner prescribed by law.

The agency funds are custodial in nature (assets equal liabilities) and don't involve measurement of results of operations.

C. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by the fund's measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Account Groups - is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes. Assets provided by the parish police jury are not recorded within the general fixed assets account group. Fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for long-term obligations expected to be financed by governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

Property, plant, and equipment acquired for the proprietary funds is capitalized in the respective funds to which it applies.

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity is included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FIXED ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The accompanying financial statements have been prepared using the modified accrual basis of accounting. All governmental fund types and agency funds use the modified accrual basis of accounting. Under this 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 be used to pay liabilities of the current period. The Sheriff considers ad valorem taxes as available if they are collected within 60 days after the fiscal year end. 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, February, and March of the fiscal year.

Those revenues susceptible to accrual include ad valorem taxes and the related state revenue sharing, interest revenue, commissions, and charges for services. Federal, state and local aid and grants are recorded when the Sheriff is entitled to the funds.

Other intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. All miscellaneous revenues other than interest revenue are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due.

E. BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control. The Sheriff adopts annual operating budgets for the General Fund for each fiscal year and amends them as required.

The Sheriff follows these procedures in establishing the budgetary data reflected in these financial statements:

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

1. Prior to May 31, a proposed operating budget for the fiscal year commencing the following July 1 is prepared. The operating budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for inspection. A public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. Prior to June 30, the proposed budget is legally enacted by the Sheriff.
5. The chief civil deputy is authorized to transfer budgeted amounts between departments within the general fund. However, any revisions that alter the total expenditures of the general fund must be approved by the Sheriff.
6. All budgetary appropriations lapse at the end of the fiscal year.
7. Budgets for the general fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The Sheriff's procedures with respect to its budget are designed to meet the requirements of the Louisiana Local Government Budget Act (LSA- R.S. 1301-1314). The adopted budgets, as amended, for the fiscal year ended June 30, 2003 is presented in the accompanying financial statements.

F. CASH

Cash includes not only cash on hand but also demand deposits with financial institutions or other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively withdraw funds at any time without prior notice or penalty. State law authorizes the sheriff to deposit funds in, interest bearing accounts, certificates of deposit or other investments as permitted by law with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. INVESTMENTS

Investments, which consist of federal home loan bank bonds, money market accounts, and U.S. Government securities, are stated at lower of cost or market. Discounts and premiums on the purchase of investments are amortized over the life of the investment remaining from the date of purchase to the date of maturity.

H. RECEIVABLES

All receivables are reported at their gross value and, where applicable are reduced by the estimated portion that is expected to be uncollectible.

I. DEFERRED DEBT EXPENSE

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs and bond discounts (deferred debt expense) paid by the enterprise fund, Detention Center, was \$209,592. The amortization expense related to deferred debt expense was \$10,480 for the year ended June 30, 2003.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. COMPENSATED ABSENCES

Employees that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave does not carryover or accumulate from one fiscal year to the next, and there are no vesting privileges. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

K. FUND EQUITY

The unreserved fund balances of governmental funds represent amounts available for budgeting future operations.

L. TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW

The total column on the combined statements - overview is captioned "(Memorandum Only)" to indicate that it is presented only to facilitate analysis. The data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

M. ESTIMATES

The presentation 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Natchitoches Parish Sheriff.

NOTE 2 CASH

Louisiana Revised Statutes authorizes the Natchitoches Parish Sheriff to invest in United States bonds, treasury notes or certificates, or to 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 their principal offices in Louisiana. They are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value.

As of June 30, 2003, the Natchitoches Parish Sheriff had cash totaling \$1,627,241, as follows:

	<u>General Fund</u>	<u>Agency Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Petty cash	\$ 300	\$ 0	\$ 100	\$ 400
Interest bearing demand deposits	388,510	327,748	241,310	957,568
Demand deposits	33,197	613,141	22,935	669,273
Totals	<u>\$ 422,007</u>	<u>\$ 940,889</u>	<u>\$ 264,345</u>	<u>\$ 1,627,241</u>

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 2 CASH (CONTINUED)

Under state law, these deposits 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. As of June 30, 2003, the Sheriff had \$1,677,760 in bank deposits. These deposits were secured from risk by \$287,867 of federal deposit insurance and \$3,342,779 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent (GASB category 3).

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

NOTE 3 INVESTMENTS

The Natchitoches Parish Sheriff maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Sheriff may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Natchitoches Parish Sheriff as of June 30, 2003 are summarized below by the category of risk.

- Category 1 Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name.
- Category 2 Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Type of Investments	Category Risk			Reported Amount	Fair Value
	1	2	3		
Federal Home Loan Bank Bonds	\$ 101,569	\$ 0	\$ 0	\$ 101,569	\$ 101,569
Money market accounts	945,038	0	0	945,038	945,038
U. S. Government securities	<u>477,722</u>	<u>0</u>	<u>0</u>	<u>477,722</u>	<u>477,722</u>
Total	<u>\$ 1,524,329</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,524,329</u>	<u>\$ 1,524,329</u>

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 4 RECEIVABLES

Accounts receivable in the amount of \$381,831 at June 30, 2003, as shown on Exhibit A, are shown below. All receivables at June 30, 2003, were determined to be fully collectible.

General Fund		
Intergovernmental		\$ 45,121
Fees, charges, and commissions for services		16,302
Interest		95
Other		<u>3,386</u>
Total general fund receivables		64,904
Proprietary Fund Type		
Charges for services		313,810
Intergovernmental		<u>3,117</u>
Total proprietary fund receivables		<u>316,927</u>
Total Receivables		<u>\$ 381,831</u>

NOTE 5 CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Automobiles	\$ 874,403	\$ 156,659	\$ (103,978)	\$ 927,084
Office equipment	206,375	11,969	0	218,344
Radio equipment	140,335	0	0	140,335
Law enforcement equipment	168,067	32,426	0	200,493
Rescue equipment	42,727	0	0	42,727
Land and buildings	<u>151,250</u>	<u>0</u>	<u>0</u>	<u>151,250</u>
Total	<u>\$ 1,583,157</u>	<u>\$ 201,054</u>	<u>\$ (103,978)</u>	<u>\$ 1,680,233</u>

NOTE 6 PLANT AND EQUIPMENT - ENTERPRISE FUND

A summary of the enterprise fund's plant and equipment at June 30, 2003 follows:

	Straight-Line	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land		\$ 146,089	\$ 0	\$ 146,089	\$ 0
Buildings	20 years	3,457,433	(1,090,800)	2,366,633	166,667
Equipment	3-7 years	190,139	(142,628)	47,511	22,614
Furniture & fixtures	7 years	308,792	(296,483)	12,309	30,080
Vehicles	5 years	<u>106,400</u>	<u>(91,540)</u>	<u>14,860</u>	<u>7,505</u>
Total		<u>\$ 4,208,853</u>	<u>\$ (1,621,451)</u>	<u>\$ 2,587,402</u>	<u>\$ 226,866</u>

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 6 PLANT AND EQUIPMENT - ENTERPRISE FUND (CONTINUED)

Changes during the year:			
Balance, beginning of year	\$ 3,782,356	\$ (1,394,585)	\$ 2,387,771
Additions:			
Land	0	0	0
Buildings	406,073	0	406,073
Equipment	14,836	0	14,836
Furniture & fixtures	3,128	0	3,128
Vehicles	2,460	0	2,460
Depreciation	<u>0</u>	<u>(226,866)</u>	<u>(226,866)</u>
Balance, end of year	<u>\$ 4,208,853</u>	<u>\$ (1,621,451)</u>	<u>\$ 2,587,402</u>

NOTE 7 PENSION PLAN

Substantially all employees of the Sheriff's office are members of the Sheriff's Pension and Relief Fund ("System"), a multiple-employer, cost-sharing public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of sheriffs and their staffs, which is administered and controlled by a separate board of trustees. Contributions of participating sheriffs, together with shared local and state revenues, are pooled within the System to fund accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

All Sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month and who are between the ages of 18 and 50 at the time of original employment are required to participate in the system. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their average final salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent if total service is at least 12 but less than 15 years, 2.75 percent if total service is at least 15 but less than 20 years, and 3 percent if total service is at least 20 years. In any case, the retirement benefit cannot exceed 100 percent of the 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 who do not withdraw their employee contributions, may retire at or after age 55 and receive the benefits accrued to their date of termination. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between the ages of 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 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 Sheriffs Pension & Relief Fund, Monroe, Louisiana, 71210-3163 or by calling (318) 362-3188.

Contributions to the system include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana. State statute requires covered employees to contribute 9.8 percent of their salary to the system and requires an employer contribution equal to 7.75 percent of each covered employee's salary. 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 Natchitoches Parish Sheriff's contributions to the System for the year ending June 30, 2003 were \$206,300, equal to the required contributions for the year.

NATCHITOCHEES PARISH SHERIFF
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 8 OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES

The Natchitoches Parish Sheriff is obligated under one lease agreement accounted for as an operating lease. Operating leases do not give rise to property rights of lease obligations, and therefore, the results of the lease agreements are not reflected in the General Fixed Assets Account Group.

The following is a schedule of future minimum rental payments required under the operating lease agreement as of June 30, 2003:

<u>Year Ending</u> <u>June 30,</u>	<u>Office Space</u>
2004	\$ 4,704
2005	4,704
Total	<u>\$ 9,408</u>

The Natchitoches Parish Sheriff was not obligated under any capital leases agreements at June 30, 2003.

NOTE 9 LONG-TERM DEBT

The following is a summary of the long-term debt of the enterprise fund of the Natchitoches Parish Sheriff for the year ended June 30, 2003:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Outstanding</u>
Revenue Bonds	5.2%-7.2%	06/01/15	\$ 3,695,000	\$ 2,815,000
Certificate of indebtedness	5.37%	03/01/06	<u> 300,000</u>	<u> 108,000</u>
Total			<u>\$ 3,995,000</u>	<u>\$ 2,923,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2003 including interest payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Revenue Bonds</u>	<u>Certificate of</u> <u>Indebtedness</u>	<u>Total</u>
2004	\$ 355,250	\$ 38,887	\$ 394,137
2005	360,330	39,007	399,337
2006	359,280	39,020	398,300
2007	356,320	0	356,320
2008	357,640	0	357,640
Thereafter	<u> 2,504,680</u>	<u> 0</u>	<u> 2,504,680</u>
Total	<u>\$ 4,293,500</u>	<u>\$ 116,914</u>	<u>\$ 4,410,414</u>

NOTE 10 LITIGATION

The Natchitoches Parish Sheriff is a defendant in various litigations as of the close of business on June 30, 2003. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff's legal counsel, resolution of these matters would not create a liability in excess of insurance coverage, and therefore would not have a material adverse effect on the financial condition of the Sheriff.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

NOTE 11 AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation - 3 and GASB Codification P70 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the 2002 tax year, taxes of 18.14 mills were levied on property with assessed valuation of \$153,720,620 and a taxable value of \$114,484,040 and were dedicated to the law enforcement district. Total taxes levied were \$2,076,740. Taxes receivable at June 30, 2003 totaled \$0. The Sheriff did not collect the total taxes levied due to Louisiana Tax Commission reductions in the tax roll.

NOTE 12 RISK MANAGEMENT

The Natchitoches Parish Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Sheriff maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Sheriff.

NOTE 13 EXPENSES OF THE SHERIFF'S OFFICE PAID BY THE PARISH POLICE JURY

The Natchitoches Parish Police Jury provided office space and paid the utilities related to the office space for the Natchitoches Parish Sheriff for the year ended June 30, 2003.

AGENCY FUNDS

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and other funds.

Bond Fund - The Bond Fund is used as a depository for the collection of cash bonds. Upon order of the district court, these funds are either refunded to the litigants or transferred to the Tax Collector Fund for distribution to the appropriate recipient, in accordance with applicable laws.

Civil Fund - The Civil Fund is used to account for funds held for disposition in connection with civil suits, sheriff's sales, garnishments, and cash bonds collected for other parishes.

Delayed Fines Fund - The Delayed Fines Fund is used to account for fines and costs paid on an installment basis. These partial payments are held in the Delayed Fines Fund until all installments are paid. The payments are then transferred to the Tax Collector Fund for settlement to the appropriate agency.

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.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2003

	<u>Bond Fund</u>	<u>Civil Fund</u>	<u>Delayed Fines Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
ASSETS					
Cash	\$ 356,764	\$ 3,961	\$ 252,416	\$ 327,748	\$ 940,889
Total Assets	<u>\$ 356,764</u>	<u>\$ 3,961</u>	<u>\$ 252,416</u>	<u>\$ 327,748</u>	<u>\$ 940,889</u>
LIABILITIES					
Due to taxing bodies and others	\$ 356,764	\$ 3,961	\$ 252,416	\$ 327,748	\$ 940,889
Total Liabilities	<u>\$ 356,764</u>	<u>\$ 3,961</u>	<u>\$ 252,416</u>	<u>\$ 327,748</u>	<u>\$ 940,889</u>

HINES, JACKSON & HINES, L.L.C.

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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

Honorable Victor Jones
Natchitoches Parish Sheriff
P. O. Box 266
Natchitoches, Louisiana 71457

We have audited the general purpose financial statements of Natchitoches Parish Sheriff, Natchitoches, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended solely for the information and use of the Natchitoches Parish Sheriff and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties.

Hines, Jackson & Hines

Natchitoches, Louisiana
September 30, 2003

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
JUNE 30, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

NATCHITOCHE PARISH SHERIFF
NATCHITOCHE, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED
JUNE 30, 2003

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.