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LAFAYETTE PARISH SHERIFF
FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2006

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 1-17-07

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INDEPENDENT AUDITOR'S REPORT

The Honorable Michael W. Neustrom
Lafayette Parish Sheriff
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette Parish Sheriff, as of and for the year then ended June 30, 2006, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Parish Sheriff. Our responsibility is to express opinions 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette Parish Sheriff, as of June 30, 2006, and the respective changes in financial position thereof 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 November 16, 2006 on our consideration of the Lafayette Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance as 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 46, 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 consist principally of inquiries of management regarding the methods for measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Parish Sheriff's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Lafayette Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*
WRIGHT, MOORE, DeHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

November 16, 2006

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

Within this section of the Lafayette Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2006. 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 exceed its liabilities by \$14,602,897 (net assets) for the fiscal year reported.

Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$4,574,063 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets.
2. Unrestricted net assets of \$10,028,834 represent the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.

The Sheriff's government funds reported total ending fund balance of \$11,254,775 this year. This compares to the prior year ending fund balance of \$7,576,479 showing an increase of \$3,678,296 during the current year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9,967,549, or 32% of total General Fund expenditures and 28% of total General Fund revenues including transfers. This represents an increase in General Fund unreserved fund balance of \$3,559,571.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) required supplementary information. 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. 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.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff 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 sales and property taxes. The sole purpose of these governmental activities is public safety.

The government-wide financial statements are presented on pages 15 and 16 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's operations are reported in 3 different types 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 into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 19 - 22 of this report.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

In the *fiduciary funds*, the Sheriff is the trustee, or Fiduciary, for his employees' health insurance fund, as well as assets that are received and held in trust for other governmental agencies. The largest of these trust agreements is for the collecting and disbursing of ad Valorem taxes. These assets are reported separate from other financial statements, as these funds are not available to the Sheriff to finance his operations.

The basic agency fund financial statement is presented on page 27 of this report.

Finally, the Sheriff maintains an *internal service fund* (a proprietary fund) to account for monies accumulated to provide group insurance coverage to employees. Employer and employee contributions are used to purchase insurance, pay claims and pay the third party administrator for administration of the program. Due to the nature of this internal service fund, it is eliminated into the governmental fund types in the government-wide statements.

The internal service fund financial statements are presented on pages 23 through 26.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 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 and as other supplementary information for the Inmate Welfare special revenue fund. These statements and schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on page 46 of this report.

In addition, more detailed general fund budget information and details of the individual agency funds are presented as supplementary information and can be found presented on pages 48 - 54 of this report.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff implemented the new financial reporting model used in this report beginning with fiscal year ended June 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole.

The Sheriff's net assets at fiscal year-end are \$14,602,897. The following table provides a summary of the Sheriff's net assets:

	<u>2006</u>		<u>2005</u>	
Assets:				
Current and Other Assets	\$ 13,386,865	75%	\$ 9,577,592	67%
Capital assets net of accumulated depreciation	<u>4,574,063</u>	25%	<u>4,739,172</u>	33%
Total Assets	<u>\$ 17,960,928</u>	100%	<u>\$ 14,316,764</u>	100%
 Liabilities				
Current liabilities	\$ 1,509,010	45%	\$ 1,759,512	49%
Non-current liabilities	<u>1,849,021</u>	55%	<u>1,841,259</u>	51%
Total Liabilities	<u>3,358,031</u>	100%	<u>3,600,771</u>	100%
 Net Assets				
Investment in Capital Assets net of Related Debt	4,574,063	31%	4,739,172	44%
Unrestricted	<u>10,028,834</u>	69%	<u>5,976,821</u>	56%
Total Net Assets	<u>14,602,897</u>	100%	<u>10,715,993</u>	100%
Total Liabilities and Net Assets	<u>\$ 17,960,928</u>		<u>\$ 14,316,764</u>	

The Sheriff continues to maintain a better than average 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 8.9 to 1.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

The Sheriff reported positive balances in net assets for governmental activities. The general fund reported an increase in fund balance of \$3,528,082. Because of this surplus, the Sheriff eliminated the need for short-term borrowing in the 2006 fiscal year.

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

**Summary of Changes in Net Assets
From Governmental Activities**

Revenues	<u>2006</u>		<u>2005</u>	
Program:				
Charges for Services	\$ 7,649,763	21%	\$ 5,912,889	19%
Operating Grants and Contributions	2,628,996	7%	2,218,989	7%
General:				
Property Taxes	16,885,073	47%	15,609,477	49%
Sales Taxes	5,975,944	17%	4,853,110	15%
State Revenue Sharing	765,842	2%	764,387	2%
State Supplemental Pay	1,081,163	3%	1,093,708	3%
Investment Earnings	444,984	1%	242,452	1%
Gain on Sale of Assets	6,977	0%	36,225	0%
Other General Revenues	<u>666,490</u>	2%	<u>1,316,777</u>	4%
Total General Revenues	<u>36,105,232</u>	100%	<u>32,048,014</u>	100%
Program Expenses				
Public Safety	32,218,328	100%	30,978,555	100%
Interest on Long Term Debt	<u>-</u>	0%	<u>11,716</u>	0%
Total Expenses	<u>32,218,328</u>	100%	<u>30,990,271</u>	100%
Change in Net Assets	3,886,904		1,057,743	
Beginning Net Assets	<u>10,715,993</u>		<u>9,658,250</u>	
Ending Net Assets	<u>\$14,602,897</u>		<u>\$10,715,993</u>	

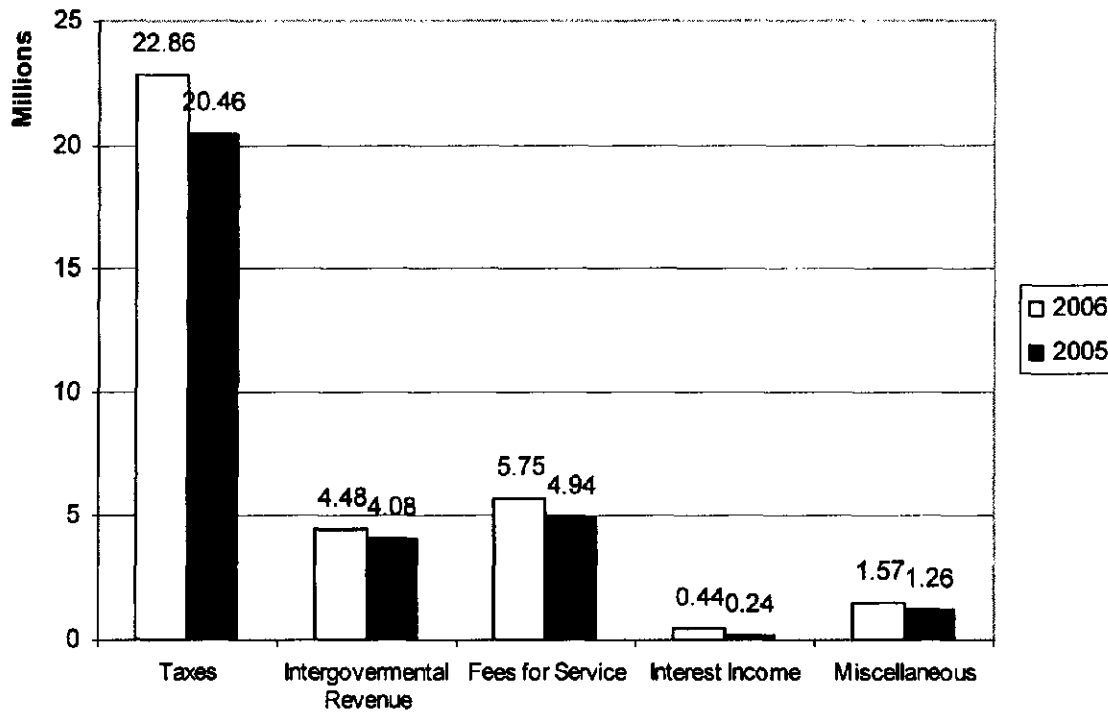
Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

GOVERNMENTAL REVENUES

The Sheriff relies upon sales and property taxes to support its operations. These taxes provided 64% of the Sheriff's total revenues. Because of the Sheriff's financial position, \$444,984 in interest was earned to help support governmental activities, despite low prevailing interest rates. Also, note that program revenues offset 28% of governmental operating expenses. Therefore, the Sheriff's other general revenue and taxes fund 72% of operations.

Revenue by Source



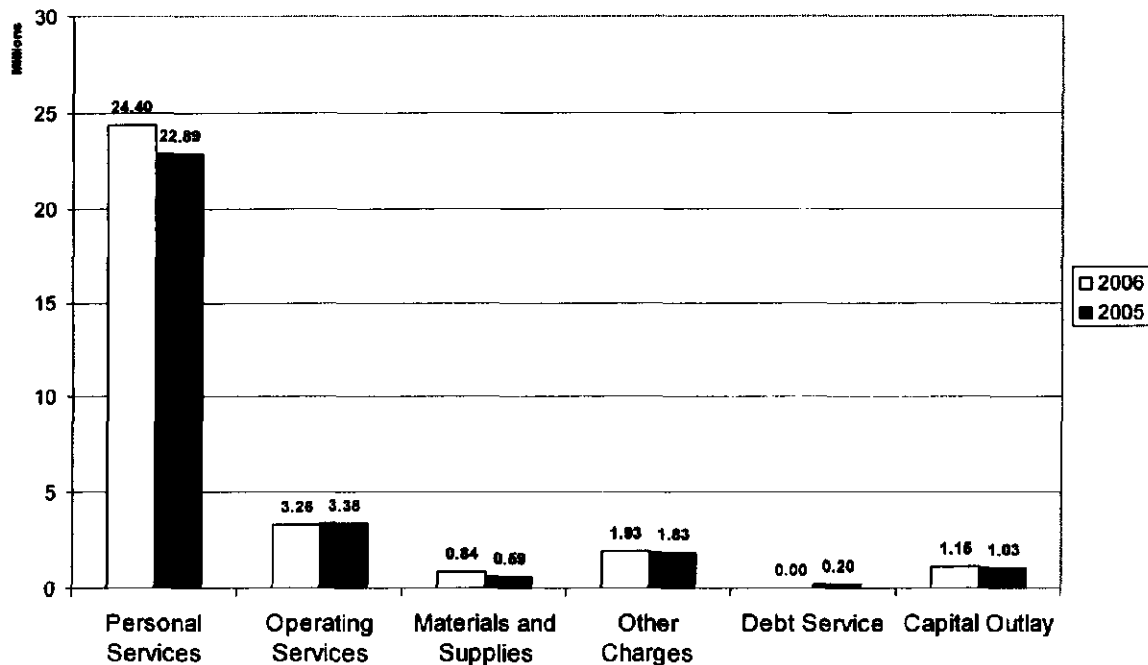
Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

GOVERNMENTAL FUNCTIONAL EXPENSES

The total function of the Sheriff's office is public safety activities. Of the total costs, depreciation on equipment and vehicles was \$1.3m or 4% of total expenses.

Expenditures by Type



FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$11,254,775, an increase of \$3,678,296 from last year. No portion of this balance is reserved or restricted and is available for continuing Sheriff's activities.

Major Governmental Funds

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$3,528,082 from the prior year.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

Operating expenditures were approximately \$31.6 million or 6% more than fiscal 2005. The majority of the increase can be attributed to an increase in personal services of \$1.5m. During the year, a large amount of reimbursable overtime was generated and paid as a result of the hurricanes that struck the state and the parish. Also, a growing population as a result of those storms has created a greater need for services, which has also added to the personnel needs of the Sheriff's Office.

The ending fund balance of \$11,254,775 for all governmental funds at year-end represents approximately 32% of annual operating expenses.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund final budget varied by approximately 6.6% from originally projected amounts. This can be attributed to the following:

- A \$572k increase in ad Valorem tax revenue. An unexpected increase in total assessed values was not known at the time of initial budget adoption.
- A 1% sales tax, voted on in October of 2002 was conservatively projected at \$4.6m. This tax yielded actual revenue of \$5m. As this tax is economically driven, and not as reliable as ad valorem taxes, conservative budgeting is called for. Much of the difference was a result of increased commercial activities due to the rise in population of the parish. People displaced by the hurricanes created an increase in the population.
- Revenue generated from Feeding and Keeping prisoners has been steadily declining in the last few years. However, a large influx of state inmates, again as a result of hurricane Katrina, added greatly to the population of inmates, which generate a per diem from the state.

The final budget reflects a 6.2% increase in expenditures over the original budget. The two categories that make up the majority of this difference are Operating Services and Other Charges. When looked at in total, Personal Services appears to be somewhat on target, however closer scrutiny will reveal an increase in salary expense and a similar decrease in health insurance costs. Salaries expense, as discussed previously has been a direct result of the changes in the local law enforcement climate after the hurricanes, along with the increased population. Because of the volatility of health insurance, a very conservative estimate was taken at the beginning of the year. The Sheriff's Office is self-insured and is subject to claims fluctuations, which for 2006, were relatively modest. Two areas of expenses that do warrant further discussion are:

- *Operating Services*
 - While health claims were down in 2006, self-insured claims for Workers' Compensation saw a sharp increase. Also, a slight increase in liability claims could also be considered a contributing factor.
 - Increased patrols as well as a slightly more aging fleet have contributed to greater costs in fuel and maintenance.
- *Other Charges*
 - Just as prisoner revenue has seen a sharp increase, there is likewise a sharp increase in the corresponding expense for Feeding and Keeping Prisoners.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Sheriff's investment in capital assets, net of accumulated depreciation for the most part held steady from 2005 to 2006. See "Note I" for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

Capital Assets
Governmental Activities

	<u>2006</u>	<u>2005</u>
Depreciable Assets		
Buildings and Improvements	\$ 5,129,784	\$ 5,063,552
Equipment and Furniture	5,724,453	5,496,250
Vehicles	<u>3,851,594</u>	<u>3,159,013</u>
 Total Depreciable Assets	 \$ 14,705,831	 \$13,718,815
 Less: Accumulated Depreciation	 <u>10,131,768</u>	 <u>8,979,643</u>
 Book Value - depreciable assets	 <u>\$ 4,574,063</u>	 <u>\$ 4,739,172</u>
 Percentage depreciated	 <u>69%</u>	 <u>65%</u>

At June 30, 2006, the depreciable capital assets for governmental activities were 69% depreciated versus 65% for the prior year. This indicator suggests that assets are not being replaced at the same rate that they are being depreciated.

Long-Term Debt

At the end of the fiscal year, the Sheriff had debt in the form claims payable and compensated absences. The total obligation for these liabilities we \$2.7m in long term and \$817k represents the current portion.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were taken into consideration when preparing the fiscal 2007 budget. Most revenues continue to hold steady. The major item of interest in revenue is an expected increase in property taxes of approximately \$1.5m.

The Work Release program was initiated on July 1, 2004 and in the first year, generated an additional \$218k. This program has seen continued growth and in fiscal year 2006 approximately \$628k was generated. In addition, the approximately 120 inmates that currently participate in the program are housed off-site and thereby create needed space in the Correctional Center to house local arrestees and local inmates. These work release inmates are also state inmates for which the Sheriff receives a per diem in addition to the funds notes above. The Sheriff continues to search for a suitable location to relocate the program and expand, as the state has already approved 200 or more inmates, contingent upon a proper facility.

Along with a steady sales tax revenue stream, the budget for 2007 is projecting revenues to exceed \$33m. There are several initiatives begin discussed for new programs that will require the Sheriff to tap into reserves to meet up front costs. However, taking all into consideration, a budget surplus of \$1.7m is projected.

The majority of other revenues and expenditures are expected to remain fairly constant in fiscal year 2007.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Keith Sibille, CFO, Lafayette Parish Sheriff's Office, Post Office Box 3508, Lafayette, Louisiana 70502.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LAFAYETTE PARISH SHERIFF

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 350,738
Accrued Expenses	341,502
Claims Payable - Current	669,811
Current Portion-Compensated Absences	<u>146,959</u>
Total Current Liabilities	<u>1,509,010</u>
Non-current Liabilities:	
Claims Payable - Long Term	92,913
Accrued Compensated Absences	<u>1,756,108</u>
Total Noncurrent Liabilities	<u>1,849,021</u>
TOTAL LIABILITIES	<u>3,358,031</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	4,574,063
Unrestricted	<u>10,028,834</u>
TOTAL NET ASSETS	<u>14,602,897</u>
TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 17,960,928</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental Activities			
Expenses			Governmental Activities
Public Safety	\$ 32,218,328	\$ 2,628,996	\$ (21,939,569)
Interest on Long-Term Debt	-	-	-
Total Governmental Activities	\$ 32,218,328	\$ 2,628,996	(21,939,569)
General Revenues:			
Property Taxes			16,885,073
Sales Taxes			5,975,944
State Revenue Sharing			765,842
State Supplemental Pay			1,081,163
Investment Earnings			444,984
Gain on Sale of Assets			6,977
Other General Revenues			666,490
Total General Revenues			25,826,473
Change in Net Assets			3,886,904
Net Assets-Beginning			10,715,993
Net Assets-Ending			\$ 14,602,897

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUND

Inmate Welfare Fund

The monies in this account are generated primarily from the pay telephones located in the inmate's housing area and from sales of commissary goods. These funds are used to pay inmate work crews, to purchase recreation equipment to be used by inmates and to provide miscellaneous benefits for the indigent inmates.

INTERNAL SERVICE FUND

Group Self-Insurance Fund

To account for monies accumulated to provide group insurance coverage to employees of the Lafayette Parish Sheriff. Employer and employee contributions are used to purchase insurance, pay claims and pay the insurance company for administration of the program.

LAFAYETTE PARISH SHERIFF

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2006

	General Fund	Special Revenue Fund Non-Major	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 91,326	\$ -	\$ 91,326
Interest-Bearing Deposits	9,115,434	374,569	9,490,003
Investments	163,736	-	163,736
Prepaid Expenses	902,354	-	902,354
Receivables:			
Due From Other Governmental Units	2,647,089	-	2,647,089
Due From Other Funds	8,116	-	8,116
Other	<u>601</u>	<u>22,379</u>	<u>22,980</u>
 Total Assets	 <u>\$12,928,656</u>	 <u>\$ 396,948</u>	 <u>\$ 13,325,604</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 346,778	\$ 3,960	\$ 350,738
Due to Other Funds	1,223,514	8,116	1,231,630
Other Accrued Liabilities	<u>488,461</u>	<u>-</u>	<u>488,461</u>
Total Liabilities	<u>2,058,753</u>	<u>12,076</u>	<u>2,070,829</u>
Fund Balances:			
Reserved for Prepaids	902,354	-	902,354
Unreserved, Undesignated	<u>9,967,549</u>	<u>384,872</u>	<u>10,352,421</u>
Total Fund Balances	<u>10,869,903</u>	<u>384,872</u>	<u>11,254,775</u>
 Total Liabilities and Fund Equity	 <u>\$12,928,656</u>	 <u>\$ 396,948</u>	 <u>\$ 13,325,604</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006**

Total Governmental Fund Balances	\$ 11,254,775
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,574,063
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,756,108)
Internal service fund is used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	<u>530,167</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 14,602,897</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	General Fund	Special Revenue Fund Non-Major	Total Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 16,885,073	\$ -	\$ 16,885,073
Sales Tax Revenue	5,975,944	-	5,975,944
Intergovernmental Revenues -			
Federal Grants	649,973	-	649,973
State Revenue Sharing (Net)	765,842	-	765,842
State Supplemental Pay	1,081,163	-	1,081,163
State, City and Parish Grants	1,979,023	-	1,979,023
Fees, Charges, and Commissions for Services -			
Civil and Criminal Fees	1,577,926	-	1,577,926
Court Attendance	27,625	-	27,625
Transporting Prisoners	49,119	-	49,119
Feeding and Keeping Prisoners	3,463,434	-	3,463,434
Work Release Program	628,205	-	628,205
Telephone and Commissary Commission Income	-	333,595	333,595
Product Sales Income	-	3,100	3,100
Interest Income	441,152	-	441,152
Overtime Enforcement Services	943,520	-	943,520
Miscellaneous	621,879	44,611	666,490
Total Revenues	<u>35,089,878</u>	<u>381,306</u>	<u>35,471,184</u>
Expenditures:			
Current -			
Public Safety:			
Personal Services and Related Benefits	24,399,143	43,214	24,442,357
Operating Services	3,264,670	186,401	3,451,071
Materials and Supplies	835,244	-	835,244
Other Charges	1,931,685	-	1,931,685
Capital Outlay	1,147,437	1,477	1,148,914
Total Expenditures	<u>31,578,179</u>	<u>231,092</u>	<u>31,809,271</u>
Excess of Revenues Over Expenditures	<u>3,511,699</u>	<u>150,214</u>	<u>3,661,913</u>
Other Financing Sources (Uses):			
Sale of Assets	16,383	-	16,383
Excess of Revenues and Other Sources Over Expenditures and Other Uses	3,528,082	150,214	3,678,296
Fund Balances, Beginning	<u>7,341,821</u>	<u>234,658</u>	<u>7,576,479</u>
Fund Balances, Ending	<u>\$ 10,869,903</u>	<u>\$ 384,872</u>	<u>\$ 11,254,775</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

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, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 3,678,296
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(155,703)
Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(14,447)
In the statement of activities, only the gain on sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the difference.	(9,406)
The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues of the internal service fund is reported with the governmental activities.	<u>388,164</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 3,886,904</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

**INTERNAL SERVICE FUND
GROUP SELF-INSURANCE FUND
GOVERNMENTAL ACTIVITIES
STATEMENT OF NET ASSETS
JUNE 30, 2006**

ASSETS

Current Assets:

Interest-Bearing Deposits	\$ 50,679
Investments	12,512
Receivables:	
Other	6,186
Due from Other Funds	<u>1,223,514</u>
Total Assets	<u>\$1,292,891</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Claims Payable	\$ 669,811
Other Accrued Liabilities	<u>92,913</u>
Total Liabilities	762,724

Net Assets:

Unrestricted	<u>530,167</u>
Total Liabilities and Net Assets	<u>\$1,292,891</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

**INTERNAL SERVICE FUND
GROUP SELF-INSURANCE FUND
GOVERNMENTAL ACTIVITIES**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2006**

Operating Revenues:	
Contributions - Employer	\$4,581,738
Contributions - Employees	540,933
Other	<u>82,306</u>
Total Operating Revenues	<u>5,204,977</u>
Operating Expenses:	
Administrative Fees and Insurance Premiums	1,033,670
Loss Fund Payments	<u>3,786,975</u>
Total Operating Expenses	<u>4,820,645</u>
Operating Income	384,332
Non-operating Revenues:	
Interest Earned	<u>3,832</u>
Net Income	388,164
Net Assets, Beginning	<u>142,003</u>
Net Assets, Ending	<u>\$ 530,167</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

**INTERNAL SERVICE FUND
GROUP SELF-INSURANCE FUND
GOVERNMENTAL ACTIVITIES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006**

Cash Flows From Operating Activities:	
Cash received from other funds for services	\$ 4,581,738
Cash received from loss claim recoveries	-
Cash received from employees and other participants	162,033
Cash payments to suppliers for goods and services	(1,033,670)
Cash payments for loss claims	<u>(3,722,982)</u>
Cash Used In Operating Activities	(12,881)
Cash Flows From Investing Activities:	
Interest Earned	<u>3,832</u>
Decrease in Cash and Cash Equivalents	(9,049)
Cash and Cash Equivalents, Beginning of Year	<u>72,240</u>
Cash and Cash Equivalents, End of Year	<u>\$ 63,191</u>
Reconciliation of Income from Operations to Net Cash Used In Operating Activities:	
Operating Income	\$ 384,332
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities -	
Changes in Assets and Liabilities:	
Increase in Other Receivables	(461,206)
Increase in Claims Payable	63,993
Increase in Other Accrued Liabilities	<u>-</u>
Net Cash Used in Operating Activities	<u>\$ (12,881)</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF
INTERNAL SERVICE FUND
GROUP SELF-INSURANCE FUND
GOVERNMENTAL ACTIVITIES
STATEMENT OF CASH FLOWS-continued
YEAR ENDED JUNE 30, 2006

**Reconciliation of Cash and Cash Equivalents Per
Statement of Cash Flows to the Balance Sheet:**

Cash and Cash Equivalents, Beginning of Period -	
Interest-Bearing Deposits	\$ 60,225
Investments	<u>12,015</u>
Total Cash and Cash Equivalents	<u>72,240</u>
 Cash and Cash Equivalents, End of Period -	
Interest-Bearing Deposits	50,679
Investments	<u>12,512</u>
Total Cash and Cash Equivalents	<u>63,191</u>
 Net Decrease	 <u>\$ (9,049)</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

	<u>Total Agency Funds</u>
Assets:	
Cash and Interest Bearing Deposits	\$ 1,390,148
Total Assets	<u>\$ 1,390,148</u>
Liabilities:	
Due to Taxing Bodies and Others	\$ 1,285,335
Due to Prisoners	<u>104,813</u>
Total Liabilities	<u>\$ 1,390,148</u>

The Accompanying Notes are an Integral Part of the Basic Financial Statements.

LAFAYETTE PARISH SHERIFF

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Lafayette Parish Sheriff (Sheriff) serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

As the chief law enforcement officer of the parish, the Sheriff is responsible for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols, investigations, et cetera, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, 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 collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsmen's licenses, and fines, costs, and bond forfeitures imposed by the district court.

The accompanying financial statements of the Lafayette Parish Sheriff (Sheriff) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the Lafayette Parish Sheriff conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

1. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, etcetera, 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 council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity.

Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish 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 Sheriff.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2. Basis of Presentation

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, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

Fiduciary funds are also excluded from the government-wide financial statements.

Fund Financial Statements (FFS)

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Sheriff (with the exception of the fiduciary funds) are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff or meets the following criteria:

- a Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

One fund of the Sheriff is considered to be a major fund and is described below:

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 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 state revenue sharing, sales tax revenue, 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.

The following funds are nonmajor funds:

Special Revenue Fund

The Special revenue fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Fiduciary Funds -

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, inmate monies, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, inmates, deputies, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

The Sheriff's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Following is a description of the proprietary fund of the Sheriff:

Internal Service Fund

Used to account for the financing of goods or services from activities provided to other departments or agencies primarily within the Lafayette Parish Sheriff on a cost-reimbursement basis.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Sheriff's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the Sheriff's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

3. Basis of Accounting/Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus –

In the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting –

In the government-wide statement of net assets and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Intergovernmental revenues and fees, charges and commissions for services are recorded when the Sheriff is entitled to the funds. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

LAFAYETTE PARISH SHERIFF

NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expenditures (including capital outlay) are recorded when the related fund liability is incurred. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Budget and Budgetary Accounting

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

- a. The chief administrative deputy prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- e. All budgetary appropriations lapse at the end of each fiscal year.
- f. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

5. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits are stated at cost, which approximates market. Cash includes amounts in demand deposits as well as time deposits with an original maturity date within three months of the date acquired by the government.

6. Investments

Under State law, the Sheriff may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other *federally insured investment*. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. 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, 2006, the Sheriff's investments in LAMP, which are stated at amortized cost, amounted to \$176,248.

LAFAYETTE PARISH SHERIFF

NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

7. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Internal Service Fund considers all highly liquid interest-bearing deposits and investments with an original maturity of three months or less when purchased to be cash equivalents.

8. Interfund Transactions

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated cost if historical cost is not available. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Building improvements	20 years
Vehicles	3 years
Office Furniture	10 years
Computer Equipment	3 years
Other Machinery and Equipment	5 years

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

10. Compensated Absences

Full-time employees of the Sheriff's office earn from ten to sixteen hours of annual compensated leave per month depending on total years of service. Annual compensated leave shall be granted in lieu of vacation, sick leave, and family time. Part-time employees hired prior to December 31, 1992, earn five hours of annual compensated leave per month. Part-time employees hired subsequent to December 31, 1992 do not earn annual compensated leave. Prior to July 1, 1994, employees were allowed to carry forward a maximum of 480 hours of annual compensated leave beyond the end of the calendar year. Effective, July 1, 1994, accumulated annual leave must be converted to sick leave and family time in order to be carried forward subsequent to the fiscal year end. However, employees shall not be paid for accrued but unused sick leave and family time upon leaving the employ of the Sheriff's office. At June 30, 2006, the Sheriff has accrued vested leave benefits as required to be reported in accordance with GASB statement No. 16, "Accounting for Compensated Absences."

11. Post-Employment Health Care and Life Insurance Benefits

- a. The Sheriff has no established policy regarding the payment or cost of providing continuing health care and life insurance benefits for retired employees. Should an officer become disabled in the line of duty, the Sheriff will waive one-half of the cost of the officer's health insurance. At June 30, 2006, three officers are receiving waivers due to disability incurred in the line of duty. The cost of health insurance paid for these officers during the year ended June 30, 2006 was \$5,540.
- b. During the 2000 regular session of the Louisiana State Legislature, L.R.S. 33:1448(G) was enacted, requiring the Lafayette Parish Sheriff and others to pay certain premium costs of specified group insurance for certain retired employees. All expenses relating to these benefits are recorded in the financial statements.

12. Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Sheriff has no restricted net assets at June 30, 2006.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved, with unreserved further split between designated and undesignated.

13. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond June 30, 2006 are recorded as prepaid items.

14. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America 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 expenditures during the reporting period. Actual results could differ from those estimates.

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital Outlay	\$ 1,148,914
Depreciation	<u>(1,304,617)</u>
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ (155,703)</u>

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

C. 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, 2006, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$11,022,156 of which \$1,390,148 is attributable to fiduciary funds, which is not presented in the statement of net assets.

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Sheriff's deposits might not be recovered. The Sheriff does not have a policy for custodial credit risk, however, under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2006, \$12,781,423 of the Sheriff's bank balances of \$12,993,083 was exposed to custodial credit risk as follows:

Bank Balances	<u>\$ 12,993,083</u>
Federal Deposit Insurance	\$ 211,660
Pledged Securities (Category 3)	<u>12,781,423</u>
Total	<u>\$ 12,993,083</u>

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

D. INVESTMENTS

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

In accordance with GASB Codification Section I50.165, the investment in Louisiana Asset Management Pool (LAMP) is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

D. INVESTMENTS - continued

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA – R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

At June 30, 2006, the Sheriff's investments totaled \$176,248 as follows:

<u>Description</u>	<u>Category</u>	<u>Interest Rate</u>	<u>Carrying Amount/ Amortized Cost</u>	<u>Approximate Fair Market Value</u>
Louisiana Asset Management Pool (LAMP)	N/A	variable	\$ 176,248	\$ 176,248

E. AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the parish government in June and are actually billed to the taxpayers by the Sheriff in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

E. AD VALOREM TAXES - continued

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2006, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 16.79 mills on property with assessed valuations totaling \$992,943,265. The 16.79 mills tax consists of an 8.76 mills tax for the purpose of providing funds for the Lafayette Parish Law Enforcement District approved by voters through the year 2009 and an 8.03 mills tax now authorized by L.R.S 33:9003A.

Total law enforcement taxes levied during 2005 were \$16,672,499.

F. DUE FROM OTHER GOVERNMENTAL UNITS

A summary of due from other governmental units of \$2,647,089 at June 30, 2006 follows:

Sales Tax Revenue	\$ 1,281,066
Interest on Taxes	35,279
Tax Cost	1,535
Ad Valorem Tax Revenue	70,482
Intergovernmental Revenues -	
Federal Grants	310,613
State Supplemental Pay	90,852
State, City and Parish Grants	358,493
Food Service Contracts	6,827
Fees, Charges and Commissions for Services -	
Civil and Criminal Fees	47,919
Court Attendance	18,525
Forfeitures	30,947
Inmate Clean-Up Crews	4,513
Non Support from Clerk	4,292
Telephone	26,033
Transporting Prisoners	5,000
Feeding and Keeping Prisoners -	
Insurance	46
Parish Government	69,800
State Government	194,392
Federal Government	37,431
Medical-Prisoners	32
Sale of Auto and Equipment	3,000
Miscellaneous	50,012
	<hr/>
Total	\$ 2,647,089

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

G. INTERFUND TRANSACTIONS

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From:			
Advance in Anticipation of Receipts	Internal Service	General	\$ 1,223,514
Repayment of Commissions	General	Special Revenue	\$ 8,116

H. RETIREMENT COMMITMENTS

All employees are members of one of the following retirement systems:

- Federal Social Security System
- Louisiana Sheriffs' Pension and Relief Fund

Pertinent information relative to each plan follows:

1. Federal Social Security System

All employees who are not eligible to participate in the Louisiana Sheriffs' Pension and Relief Fund are members of the Federal Social Security System. The Sheriff and its employees contribute a percentage of each employee's compensation to the System (7.65% contributed by the Sheriff; 7.65% by the employee). The Sheriff's contributions during the years ended June 30, 2006 and 2005 amounted to \$255,273 and \$239,871, respectively.

2. Louisiana Sheriffs' Pension and Relief Fund

Plan Description-

The Lafayette Parish Sheriff contributes to the Sheriffs' Pension and Relief Fund (Retirement System), a cost-sharing multiple employer defined benefit pension plan administered by the Sheriffs' Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to sheriff and deputy sheriff members throughout the State of Louisiana. The Sheriffs' Pension and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Sheriffs' Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana 71210-3136.

Funding Policy-

Plan members are required to contribute 10% of their annual covered salary and the Lafayette Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 10.75% of annual covered payroll. The contribution requirements of plan members and the Lafayette Parish Sheriff are established and may be amended by the Sheriffs' Pension and Relief Fund. The Lafayette Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2006, 2005, and 2004 were \$1,708,905, \$1,511,855 and \$1,410,871, respectively.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

I. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Governmental Activities:				
Buildings and Improvements	\$ 5,066,763	\$ 63,021	\$ -	\$ 5,129,784
Equipment and Furniture	5,477,732	246,721	-	5,724,453
Vehicles	<u>3,174,320</u>	<u>839,172</u>	<u>161,898</u>	<u>3,851,594</u>
Total	<u>13,718,815</u>	<u>1,148,914</u>	<u>161,898</u>	<u>14,705,831</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	2,281,121	176,491	-	2,457,612
Equipment and Furniture	4,090,533	697,501	-	4,788,034
Vehicles	<u>2,607,989</u>	<u>430,625</u>	<u>152,492</u>	<u>2,886,122</u>
Total	<u>8,979,643</u>	<u>1,304,617</u>	<u>152,492</u>	<u>10,131,768</u>
 Net Capital Assets	 <u>\$ 4,739,172</u>	 <u>\$ (155,703)</u>	 <u>\$ (9,406)</u>	 <u>\$ 4,574,063</u>

Depreciation expense for the year ended June 30, 2006 was \$1,304,617 and is charged to the public safety function.

J. DEFERRED COMPENSATION PLAN

The Sheriff has adopted Governmental Accounting Standards Board (GASB) Statement 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The Sheriff offers a deferred compensation plan to its employees. Under GASB-32, the Sheriff does not report the deferred compensation plan in the general purpose financial statements.

K. TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2006, include \$414,489 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.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006**

L. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The Sheriff's long-term debt is attributable to governmental activities and includes compensated absences and claims payable. This debt will be liquidated by the general fund, except for the claims, which are paid from the internal service fund.

The following is a summary of the long-term obligations transactions of the Lafayette Parish Sheriff for the year ended June 30, 2006:

	Claims Payable	Compensated Absences	Total
Long-Term Obligations Payable at June 30, 2005	\$ 605,816	\$ 1,990,629	\$ 2,596,445
Additions	156,908	-	156,908
Deductions	-	87,562	87,562
Long-Term Obligations Payable at June 30, 2006	<u>\$ 762,724</u>	<u>\$ 1,903,067</u>	<u>\$ 2,665,791</u>
Current Portion			<u>\$ 816,770</u>

M. LITIGATION AND CLAIMS

At June 30, 2006, the Sheriff was a defendant in lawsuits principally arising from the normal course of operations. The Sheriff's legal counsel has reviewed the Sheriff's claims and lawsuits, which are primarily personal injury claims, in order to evaluate the likelihood of an unfavorable outcome to the Sheriff and to arrive at an estimate, if any, of the amount or range of potential loss to the Sheriff. As a result of the review, the various claims and lawsuits have been categorized into "probable," "reasonably possible," or "remote," as defined by the Governmental Accounting Standards Board. The claims and lawsuits that have been classified as "probable" have been accrued into these financial statements in the amount of \$58,580. Those classified as "reasonably possible" are estimated not to exceed \$30,000. Not included in this amount is a judgment from the Third Circuit Court of Appeals awarding a plaintiff damages in the amount of \$244,800 (which includes judicial interest). In the current year, the State Supreme Court entered a final judgment in this matter as well. The Sheriff originally prevailed in District Court on this matter. Legal counsel had advised that the Sheriff is not obligated to pay the Judgment. The Sheriff, a public entity in Louisiana, is protected by the State Constitution which provides that public funds may not be seized for debts. Based on this, a public body can refuse to pay obligations that it might have and under State law, the person who is owed the obligation has no opportunity to seize funds or property owned by that public body. It is the intent of the Sheriff to not pay this judgment. Consequently, no provision has been made in the accounts for any liability related to this matter.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

N. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH GOVERNMENT

The Sheriff's administrative office and jail is located in buildings owned by the Lafayette Parish Government. The cost of maintaining and operating these buildings, as required by statute, is paid by the Lafayette Parish Government. These expenditures are not included in the accompanying financial statements.

O. RISK MANAGEMENT

1. Commercial Insurance Coverage

The Sheriff is exposed to risks of loss in the areas of certain property coverage, general and auto liability, professional law enforcement liability, and public officials' liability. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

2. Group Self-Insurance

During fiscal year ending June 30, 1993, the Sheriff established a Group Self-Insurance Fund (an internal service fund) to account for and finance the uninsured risk of loss for commercial group health insurance. The plan year ended on June 30, 2006, and is being administered by Great West Life and Annuity Company, Inc. (Great West). The fund provided coverage for specific claims for up to a maximum of \$150,000 for each employee or employee dependent and aggregate claims up to a maximum of \$3,786,974 and \$3,426,925 for the plan years ended June 30, 2006 and 2005, respectively. The Sheriff purchased commercial insurance for claims in excess of coverage provided by the Fund.

Payments made by the General Fund to the Group Self-Insurance Fund are based on amounts needed to pay prior and current year claims. The claims liability of \$669,811 reported in the fund at June 30, 2006 is based on Governmental Accounting Standards Board Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the loss can be reasonably estimated.

Changes in the fund's claims liability amount in fiscal years 2006 and 2005 were:

Year Ended	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
June 30, 2005	\$ 963,784	\$ 3,068,959	\$ 3,426,925	\$ 605,818
June 30, 2006	\$ 605,818	\$ 3,850,967	\$ 3,786,974	\$ 669,811

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

P. JOINT VENTURE

The Sheriff is a participant with the City-Parish Government of Lafayette, in a joint venture to perform investigations and analytical studies of controlled substances, and when necessary under lawful rules, take into custody all persons accused of committing criminal violations with the emphasis on controlled substances. The Lafayette Metro Narcotics Task Force (the Task Force) was formed under a joint powers agreement entered into by the two government units listed above on October 5, 2000. The Task Force is governed by a four-member board composed of two appointees from the Sheriff, and two appointees from the City-Parish of Lafayette. The Sheriff and the City-Parish of Lafayette have agreed to provide, for each calendar year, a minimum of Sixty-Five Thousand Dollars each, for the operation of the Task Force. The Sheriff and the City-Parish may mutually agree to provide a lesser amount. The Sheriff does not hold an equity interest in the Task Force at June 30, 2006. For the year ended December 31, 2005, the Task Force reported a deficiency of revenues over expenditures in its General Fund of \$15,915, and an ending fund balance of \$202,800. Complete financial statements for the Task Force can be obtained from the Lafayette Parish Sheriff's Department at 316 West Main Street, Lafayette, Louisiana.

For the year ended June 30, 2006, the Sheriff paid \$45,000 to the Lafayette Metro Narcotics Task Force.

Q. OPERATING LEASES

The Sheriff has entered into various operating leases for facilities and equipment. These leases are as follows:

- Lease of facility for ten years originally dated February 15, 1985 with renewal options that have been exercised. Current term expires in February 2010. Annual rental payment of \$1,082.
- Lease of facility for two years commencing March 1, 2001 with multiple renewal options for one-year terms. Rental payments of \$1,000 per month. This lease was renewed.
- Lease of facility for a two-year term with multiple renewal options dated October 1, 2001. The monthly rental payment is \$1,000. This lease was renewed.
- Copier lease dated June 10, 2002 for 54 months at a monthly base rental of \$389.39 plus usage charges calculated quarterly.

Future minimum lease payments related to these leases are as follows:

June 30, 2007	\$14,029
June 30, 2008	1,082
June 30, 2009	1,082
June 30, 2010	<u>676</u>
Total	<u>\$16,869</u>

Rental payments included in these financial statements relating to these leases totaled \$29,755.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

R. LINE OF CREDIT

On October 20, 2005 the Louisiana State Bond Commission approved the application of the Lafayette Parish Law Enforcement District to incur debt and borrow an amount not to exceed in the aggregate the sum of \$1,500,000, at an interest rate of 3.75 percent per annum, to be repaid on or before June 30, 2006. These funds are to be used for the purpose of meeting current cash requirements of the Sheriff. The Sheriff obtained the line of credit from Chase Bank. During the fiscal year ended June 30, 2006, the District did not borrow any funds against this line of credit. All amounts were repaid before June 30, 2006.

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAFAYETTE PARISH SHERIFF

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL (GAAP BASIS)
 YEAR ENDED JUNE 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Self-generated Fees, Services, Ad Valorem Taxes and Sales Taxes	\$ 25,647,659	\$ 27,392,821	\$ 28,922,641	\$ 1,529,820
Federal, State and Parish Appropriations	4,014,286	4,162,389	4,476,001	313,612
Other Revenues	1,310,102	1,469,084	1,691,236	222,152
Total Revenues	30,972,047	33,024,294	35,089,878	2,065,584
Expenditures:				
Current -				
Public Safety:				
Personal Services and Related Benefits	24,498,872	25,133,538	24,399,143	734,395
Operating Services	2,591,997	3,344,344	3,264,670	79,674
Materials and Supplies	740,871	855,063	835,244	19,819
Other Charges	1,688,070	1,931,820	1,931,685	135
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	1,225,000	1,375,639	1,147,437	228,202
Total Expenditures	30,744,810	32,640,404	31,578,179	1,062,225
Excess (Deficiency) of Revenues Over Expenditures	227,237	383,890	3,511,699	3,127,809
Other Financing Sources (Uses):				
Sale of Assets	-	-	16,383	16,383
Total Other Financing Sources (Uses)	-	-	16,383	16,383
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	227,237	383,890	3,528,082	3,144,192
Fund Balance, Beginning	7,341,821	7,341,821	7,341,821	-
Fund Balance, Ending	\$ 7,569,058	\$ 7,725,711	\$ 10,869,903	\$ 3,144,192

**OTHER SUPPLEMENTARY
INFORMATION**

LAFAYETTE PARISH SHERIFF

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	Amounts to Subrecipients
Department of Justice:				
Passed through the Louisiana Commission on Law Enforcement -				
<u>Juvenile Justice and Delinquency Prevention:</u>				
Report/Resource Center	16.540	J05-4-006	\$ 4,350	\$ -
Report/Resource Center-After School Tutoring	16.540	J04-4-006	905	-
Report/Resource Center	16.540	J02-8-004	535	-
Byrne Formula Grant Program:				
Intensive Supervision Grant	16.579	B04-4-008	47,332	-
Enhanced Crime Scene Unit	16.738	B05-4-006	25,055	-
Violence Against Women Formula Grants:				
Domestic Violence Program	16.588	M05-4-004	2,357	-
Domestic Violence Program	16.588	M04-4-004	14,416	-
Crime Victim Assistance:				
Victims Outreach Program	16.575	C05-4-013	9,887	-
Office Of Juvenile Justice and Delinquency Prevention - Youth Academy	16.541	2003JSFX0033	12,854	-
Local Law Enforcement Block Grant - Bullet Proof Vests	16.607	N/A	4,947	-

Continued on following page.

LAFAYETTE PARISH SHERIFF

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	Amounts to Subrecipients
Department of Justice:				
Bureau of Justice Assistance - Edward Byrne Memorial Justice Assistance Program: Passed through the Lafayette Consolidated Government - Justice Assistance Equipment Grant	16.738	2005-DJBX-0813 *	156,926	-
Department of Transportation:				
National Highway Traffic Safety Administration- State and Community Highway Safety	20.600	PT06-40-52	1,171	-
State and Community Highway Safety	20.600	PT05-24-00	4,930	-
State and Community Highway Safety	20.600	PT06-33-00	12,227	-
Odometer Fraud Investigations	20.600	DTNH22-05-H-21057	18,972	-
Department of Homeland Security:				
Passed through the State of Louisiana-Governor's Office of Homeland Security and Emergency Preparedness: Disaster Grants-Public Assistance	97.036	1603-DR-LA *	236,788	-
Law Enforcement Terrorism Prevention Program	97.067	2004-GE-T4-0004	36,595	-
Total Expenditures			\$ 590,247	\$ -

* - denotes a major program.

NOTE:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

LAFAYETTE PARISH SHERIFF

GENERAL FUND

STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Self-generated Fees, Services, Ad Valorem				
Taxes and Sales Taxes:				
Ad Valorem Taxes	\$ 15,799,351	\$ 16,371,929	\$ 16,885,073	\$ 513,144
Sales Tax Revenue	4,698,108	5,013,312	5,975,944	962,632
Civil and Criminal Fees	1,930,009	1,520,973	1,577,926	56,953
Court Attendance	10,500	25,937	27,625	1,688
Transporting Prisoners	49,200	44,675	49,119	4,444
Feeding and Keeping Prisoners	2,735,267	3,416,850	3,463,434	46,584
Work Release Revenue	255,735	-	-	-
Interest Income	169,489	-	-	-
OT Enforcement Services	-	999,145	943,520	(55,625)
Total Self-generated Fees, Services, Ad Valorem Taxes and Sales Taxes	<u>25,647,659</u>	<u>27,392,821</u>	<u>28,922,641</u>	<u>1,529,820</u>
Federal, State and Parish Appropriations:				
Federal Grants	364,865	410,451	649,973	239,522
State Revenue Sharing (Net)	739,728	735,000	765,842	30,842
State Supplemental Pay	1,090,716	1,062,072	1,081,163	19,091
State, City and Parish Grants	<u>1,818,977</u>	<u>1,954,866</u>	<u>1,979,023</u>	<u>24,157</u>
Total Federal, State and Parish Appropriations	<u>4,014,286</u>	<u>4,162,389</u>	<u>4,476,001</u>	<u>313,612</u>
Other Revenues:				
Work Release Revenue	-	488,229	628,205	139,976
Interest Income	-	290,360	441,152	150,792
OT Enforcement Services	706,796	-	-	-
Miscellaneous	<u>603,306</u>	<u>690,495</u>	<u>621,879</u>	<u>(68,616)</u>
Total Other Revenues	<u>1,310,102</u>	<u>1,469,084</u>	<u>1,691,236</u>	<u>222,152</u>
Total Revenues	<u>\$ 30,972,047</u>	<u>\$ 33,024,294</u>	<u>\$ 35,089,878</u>	<u>\$ 2,065,584</u>

LAFAYETTE PARISH SHERIFF

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current:				
Public Safety -				
Personal Services and Related Benefits:				
Sheriff Salary	\$ 102,000	\$ 102,000	\$ 97,780	\$ 4,220
Deputies Salaries	17,039,889	18,829,859	17,792,533	1,037,326
Pension and Payroll Taxes	1,841,471	2,042,129	2,137,826	(95,697)
Sheriff's Expense Allowance	9,779	10,170	9,778	392
Hospitalization Insurance	5,505,733	4,082,842	4,317,128	(234,286)
Other Employee Expenses	-	66,538	44,098	22,440
Total Personal Services and Related Benefits	<u>24,498,872</u>	<u>25,133,538</u>	<u>24,399,143</u>	<u>734,395</u>
Operating Services:				
Auto and Liability Insurance	1,120,926	1,674,554	1,472,864	201,690
Leases	112,340	125,165	130,290	(5,125)
Telephone and Utilities	290,176	332,681	360,584	(27,903)
Fuel and Oil	382,519	456,575	493,198	(36,623)
Maintenance and Repairs	445,056	508,865	524,503	(15,638)
Legal and Professional Fees	169,244	246,504	271,540	(25,036)
Litigation Claims Paid	-	-	11,691	(11,691)
Occupational Medical	71,736	-	-	-
Tax Notices	-	-	-	-
Total Operating Services	<u>2,591,997</u>	<u>3,344,344</u>	<u>3,264,670</u>	<u>79,674</u>
Materials and Supplies:				
Uniforms	161,733	178,761	165,837	12,924
Small Equipment and Supplies	282,515	334,549	391,123	(56,574)
Office Expense	233,112	290,188	216,740	73,448
Publications	42,727	41,270	46,967	(5,697)
Deputy Supplies	20,784	10,295	14,577	(4,282)
Total Materials and Supplies	<u>740,871</u>	<u>855,063</u>	<u>835,244</u>	<u>19,819</u>
Other Charges:				
Prisoner Feeding and Maintenance	1,319,859	1,582,116	1,634,361	(52,245)
Extraditions	-	-	-	-
Criminal Investigation Expense	2,740	2,612	2,567	45
Training, Travel and Conventions	140,440	162,756	151,553	11,203
Travel and Conventions	-	-	-	-
Dues	39,623	18,952	16,466	2,486
Juvenile Programs	19,809	14,480	12,442	2,038
Canine	13,284	5,304	7,730	(2,426)
Other Expenses	11,380	-	-	-
Appropriation to Parish Government -				
Metro Narcotics	60,000	62,400	45,000	17,400
Crime Lab	80,935	83,200	61,566	21,634
Total Other Charges	<u>1,688,070</u>	<u>1,931,820</u>	<u>1,931,685</u>	<u>135</u>
Capital Outlay	<u>1,225,000</u>	<u>1,375,639</u>	<u>1,147,437</u>	<u>228,202</u>
Total Expenditures	<u>\$30,744,810</u>	<u>\$32,640,404</u>	<u>\$31,578,179</u>	<u>\$ 1,062,225</u>

LAFAYETTE PARISH SHERIFF

**SPECIAL REVENUE FUND
INMATE WELFARE FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Telephone and Commissary				
Commission Income	\$ 354,550	\$ 290,295	\$ 333,595	\$ 43,300
Product Sales	4,373	-	3,100	3,100
Miscellaneous	39,280	43,543	44,611	1,068
Total Revenues	398,203	333,838	381,306	47,468
Expenditures:				
Current -				
Personal Services and Related Benefits	-	-	43,214	(43,214)
Operating Services:				
Purchase of Commissary Goods	229,306	75,000	61,712	13,288
Supplies	20,785	48,500	51,479	(2,979)
Payments to Inmate Work				
Crews and Indigent Inmates	111,801	98,000	56,201	41,799
Miscellaneous	19,933	83,050	17,009	66,041
Total Operating Services	381,825	304,550	186,401	118,149
Capital Outlay	246	4,500	1,477	3,023
Total Expenditures	382,071	309,050	231,092	77,958
Excess of Revenues over Expenditures	16,132	24,788	150,214	125,426
Other Financing Sources (Uses):				
Operating Transfer Out	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	16,132	24,788	150,214	125,426
Fund Balance, Beginning	234,658	234,658	234,658	-
Fund Balance, Ending	\$ 250,790	\$ 259,446	\$ 384,872	\$ 125,426

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.

Deputy Fund

To account for the receipt and subsequent disbursement of commissions received from vending machine sales, fees received for a benefit golf tournament and other deputy activities.

Bond 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.

Prison Inmate Fund

To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

LAFAYETTE PARISH SHERIFF

FIDUCIARY FUND TYPE - AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

	Sheriff's Fund	Tax Collector Fund	Deputy Fund	Bond Fund	Prison Inmate Fund	Total
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 200
Interest-Bearing Deposits	175,693	1,018,222	27,969	999,958	471,758	2,693,600
Total Assets	<u>\$ 175,693</u>	<u>\$ 1,018,222</u>	<u>\$ 27,969</u>	<u>\$ 1,000,158</u>	<u>\$ 471,758</u>	<u>\$ 2,693,800</u>
LIABILITIES						
Due to Taxing Bodies and Others	\$ 175,693	\$ 1,018,222	\$ 27,969	\$ 1,000,158	\$ 8,863	\$ 2,230,905
Due to Prisoners	-	-	-	-	462,895	462,895
Total Liabilities	<u>\$ 175,693</u>	<u>\$ 1,018,222</u>	<u>\$ 27,969</u>	<u>\$ 1,000,158</u>	<u>\$ 471,758</u>	<u>\$ 2,693,800</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

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

The Honorable Michael W. Neustrom
Lafayette Parish Sheriff
Lafayette, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette Parish Sheriff as of and for the year ended June 30, 2006, which collectively comprise the Lafayette Parish Sheriff's basic financial statements and have issued our report thereon dated November 16, 2006. 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 Lafayette Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Lafayette 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we reported to management of the Lafayette Parish Sheriff in a separate letter dated November 16, 2006.

This report is intended for the information of management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

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November 16, 2006

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Michael W. Neustrom
Lafayette Parish Sheriff
Lafayette, Louisiana

Compliance

We have audited the compliance of the Lafayette Parish Sheriff, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2006. The Lafayette Parish Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Lafayette Parish Sheriff's management. Our responsibility is to express an opinion on the Lafayette Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the Lafayette Parish Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Lafayette Parish Sheriff's compliance with those requirements.

In our opinion, the Lafayette Parish Sheriff complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2006.



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Internal Control Over Compliance

The management of the Lafayette Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lafayette Parish Sheriff's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to major federal programs 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

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November 16, 2006

LAFAYETTE PARISH SHERIFF

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

We have audited the financial statements of the Lafayette Parish Sheriff as of and for the year ended June 30, 2006, and have issued our report thereon dated November 16, 2006. 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 Comptroller General of the United States. Our audit of the financial statements of June 30, 2006 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material Weaknesses ___ Yes x No
Reportable Conditions ___ Yes x No

Compliance

Compliance Material to Financial Statements ___ Yes x No

B. FEDERAL AWARDS

Major Program Identification

The Lafayette Parish Sheriff at June 30, 2006, had two major programs:

- Department of Homeland Security: Disaster Grants-Public Assistance (Presidentially Declared Disasters): CFDA Number 97.036
- Department of Justice: Edward Byrne Memorial Justice Assistance Programs: CFDA Number 16.738

Low-Risk Auditee

The Lafayette Parish Sheriff is not considered a low-risk auditee for the year ended June 30, 2006.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 2006.

Auditors' Report - Major Program

An unqualified opinion has been issued on the Lafayette Parish Sheriff's compliance for its major programs as of and for the year ended June 30, 2006.

Reportable Conditions - Major Program

There were no reportable conditions noted during the audit of the major federal programs.

LAFAYETTE PARISH SHERIFF

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
FOR THE YEAR ENDED JUNE 30, 2006**

Section II - Financial Statement Findings

The audit did not disclose any findings required to be reported.

Section III - Federal Award Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

LAFAYETTE PARISH SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

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

2005-1 Budget Amendments

Finding:

The Sheriff failed to adequately amend the budgets for the General Fund and the Special Revenue Fund in accordance with state statute.

Follow Up:

This finding was resolved in the current year.

Section II. Internal Control and Compliance Material to Federal Awards.

This section was not applicable for the year ended June 30, 2005.

Section III. Management Letter

2005ML-01: CASH AND BANK RECONCILIATIONS

During the course of performing audit procedures on the bank accounts for the Inmate Welfare Fund, the Inmate Trust Fund and the Bond Fund, it was noted that on numerous occasions deposits were not made timely. Additionally, deposits were made into the wrong funds and not corrected timely, thus causing significant problems in reconciling the accounts. Procedures should be implemented to insure that deposits are made on a daily basis for each of these funds. Additionally, a person not involved in the daily activities of these funds should reconcile the daily cash receipts records to the deposit slips for each fund to insure that all monies are deposited into the proper funds. This would also insure that in the event of an error, a correction could be made timely, thus simplifying the bank reconciliations at month end.

Follow Up:

This issue was resolved in the current year.

2005ML-02: ACCOUNTING RECORDS

During the current year, several issues were noted with the accounting for the Inmate Welfare Fund (a special revenue fund) including numerous instances of coding errors, requiring significant audit adjustments to be made. In addition, the fund is required to transfer incentive pay to the inmates on a monthly basis. During the year, the inmates were credited with their respective incentive pay on a monthly basis, however the funds were not transferred into the Inmate Trust Fund, again causing problems with reconciliations of accounts as well as bank reconciliations on both of these funds.

LAFAYETTE PARISH SHERIFF

**SCHEDULE OF PRIOR YEAR FINDINGS - continued
FOR THE YEAR ENDED JUNE 30, 2006**

2005ML-02: ACCOUNTING RECORDS - continued

It was also noted that vendors conducting business with the Inmate Welfare Fund were not being paid timely. Management should insure that staff utilizes the standard chart of accounts for the Inmate Welfare Fund to reduce instances of coding errors. Additionally, management should implement procedures to insure that incentive pay is transferred to the Inmate Trust Fund on a timely basis. Finally, vendor invoices should be paid within a reasonable amount of time to avoid the potential of interest charges, COD status or credit revocation from vendors.

Follow Up:

This issue was resolved in the current year.

2005ML-03: RECORD RETENTION

During the current year, there were several instances noted where supporting documents for transactions could not be located by Inmate Welfare Fund staff thus hindering the ability for audit procedures to be performed. These include both invoices and deposit slips. The types of records generated by the Inmate Welfare Fund should be evaluated by management and a record retention policy developed to insure that all necessary documents are retained.

Follow Up:

This issue was resolved in the current year.



Lafayette Parish Sheriff's Office

Michael W. Neustrom, Sheriff

"Serving the community with courtesy, professionalism and respect"

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CORRECTIVE ACTION PLAN

JUNE 30, 2006

Louisiana Legislative Auditor

The Lafayette Parish Sheriff respectfully submits the following corrective action plan for the year ended June 30, 2006.

There were no findings noted in the Schedule of Findings and Questioned Costs for the year ended June 30, 2006. The responses to the management letter are as follows:

MANAGEMENT LETTER

2006ML-01 – AGENCY FUND RECONCILIATIONS

Recommendation: Procedures should be implemented to insure that the amounts collected each month are reconciled to the cash receipts in the bond fund for each type of collection (cash bond, bond premiums, fees and fines). In addition, a month-end reconciliation should be performed to insure that the cash bonds outstanding report reconciles to the amounts available for disbursement in the cash bond account.

Action Taken: Management has implemented procedures to reconcile these accounts on a monthly basis.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Keith Sibille, Chief Financial Officer of the Lafayette Parish Sheriff at (337) 232-9211.

Sincerely yours,

Michael Neustrom, Sheriff
Lafayette Parish



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The Honorable Michael Neustrom Sheriff, Lafayette Parish

In planning and performing our audit of the financial statements of the Lafayette Parish Sheriff for the year ended June 30, 2006, we considered the Sheriff's internal control structure and compliance with laws and regulations to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted a certain matter involving the internal control structure, compliance issues, and other operational matters that are presented for your consideration. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, are intended to improve the internal control structure, compliance, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation. Our comment is summarized as follows:

AGENCY FUND RECONCILIATIONS

2006ML-01:

During the course of performing audit procedures on the liability accounts for the Bond Fund it was noted that the amounts due to others in not being reconciled on a monthly basis to the amounts available for disbursement. Additionally, the current software is not accurate as it relates to the tracking of cash bonds. Procedures should be implemented to insure that the amounts collected each month are reconciled to the cash receipts in the bond fund for each type of collection (cash bond, bond premiums, fees and fines). In addition, a month-end reconciliation should be performed to insure that the cash bonds outstanding report reconciles to the amounts available for disbursement in the cash bond account.

We wish to thank the entire staff of the Lafayette Parish Sheriff's Office for their support and assistance during our audit.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

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November 16, 2006