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LAFAYETTE PARISH SHERIFF
FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2004

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

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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, 2004, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 opinion.

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, 2004, 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.

As described in Note A, the Lafayette Parish Sheriff has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments*, as of July 1, 2002.

In accordance with Government Auditing Standards, we have also issued a report dated December 14, 2004 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 and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



The management's discussion and analysis and budgetary comparison information on pages 3 through 13 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Parish Sheriff's basic financial statements. The introductory section, and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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

December 14, 2004

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, 2004. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section:

FINANCIAL HIGHLIGHTS

The Sheriff's assets exceed its liabilities by \$9,658,250 (net assets) for the fiscal year reported.

Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$4,775,932 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 \$4,882,318 represent the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.

The Sheriff's governmental funds reported total ending fund balance of \$6,311,611 this year. This compares to the prior year ending fund balance of \$7,979,362 showing a decrease of \$1,667,751 during the current year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,926,481, or 20% of total General Fund expenditures and 22% of total General Fund revenues including transfers. This represents a decrease in General Fund unreserved fund balance of \$1,771,421.

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 16 and 17 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 20 -- 23 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 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. He is also responsible for deposits held pending court action and the individual prison inmate accounts. 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 maintained 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 24 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 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 - 51 of this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff implemented the new financial reporting model used in this report beginning with the previous 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 \$9,658,250, which is a decrease of \$1,570,111 from the prior year. This decrease is primarily due to the rising cost of health care coverage provided to employees.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

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

Summary of Net Assets

	2004		2003	
Assets:				
Current and Other Assets	\$ 8,296,207	63%	\$ 9,268,142	65%
Capital assets net of accumulated depreciation	<u>4,959,898</u>	37%	<u>4,932,591</u>	35%
Total Assets	<u>\$ 13,256,105</u>	100%	<u>\$ 14,200,733</u>	100%
 Liabilities:				
Current liabilities	\$ 1,829,322	51%	\$ 1,312,542	44%
Long-term liabilities	<u>1,768,533</u>	49%	<u>1,659,830</u>	56%
Total Liabilities	<u>\$ 3,597,855</u>	100%	<u>\$ 2,972,372</u>	100%
 Net Assets				
Investment in Capital Assets net of Related Debt	\$ 4,775,932	49%	\$ 4,575,674	41%
Unrestricted	<u>4,882,318</u>	51%	<u>6,652,687</u>	59%
Total Net Assets	<u>\$ 9,658,250</u>	100%	<u>\$ 11,228,361</u>	100%
Total Liabilities and Net Assets	<u>\$ 13,256,105</u>		<u>\$ 14,200,733</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 4.5 to 1.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

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

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

Revenues	2004		2003	
Program:				
Charges for Services	\$5,944,738	20%	\$6,346,256	23%
Operating Grants and Contributions	2,104,949	7%	2,139,932	8%
General:				
Property Taxes	13,938,968	47%	13,244,856	49%
Sales Taxes	4,226,707	14%	2,081,494	8%
State Revenue Sharing	759,314	3%	757,885	3%
State Supplemental Pay	1,146,421	4%	1,135,968	4%
Investment Earnings	193,207	1%	146,470	1%
Gain on Sale of Assets	32,828	0%	64,109	0%
Other General Revenues	<u>1,138,524</u>	4%	<u>1,090,535</u>	4%
Total General Revenues	<u>29,485,656</u>	100%	<u>27,007,505</u>	100%
 Program Expenses				
Public Safety	31,033,036	100%	27,500,063	100%
Interest on Long Term Debt	<u>22,731</u>	0%	<u>33,086</u>	0%
Total Expenses	31,055,767	100%	27,533,149	100%
 Change in Net Assets	<u>(1,570,111)</u>		<u>(525,644)</u>	
 Beginning Net Assets	<u>11,228,361</u>		<u>11,754,005</u>	
 Ending Net Assets	<u>\$9,658,250</u>		<u>\$11,228,361</u>	

Lafayette Parish Sheriff
Lafayette, Louisiana

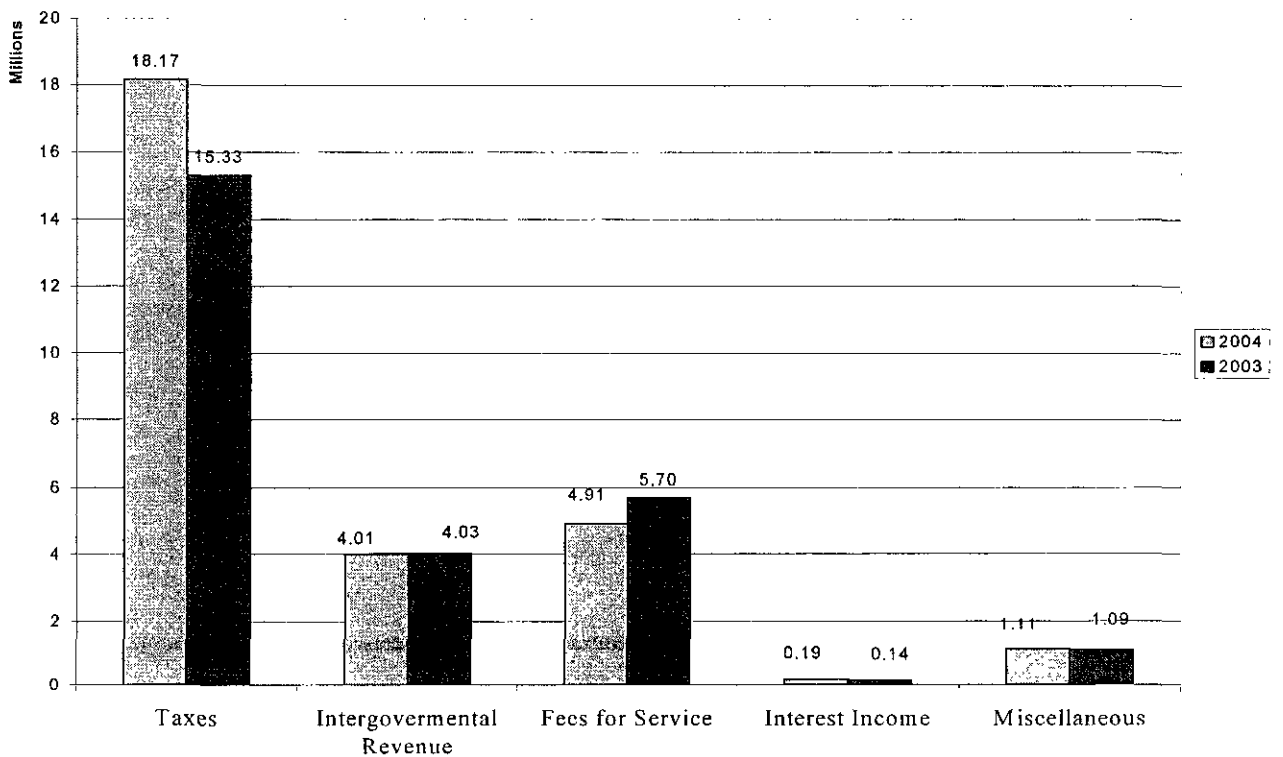
Management's Discussion and Analysis

GOVERNMENTAL REVENUES

The Sheriff relies upon sales and property taxes to support its operations. These taxes provided 61% of the Sheriff's total revenues. Because of the Sheriff's financial position, \$193,207 in interest was earned to help support governmental activities, despite low prevailing interest rates, an increase of \$46,737 over 2003 earnings.

Also, note that program revenues offset 26% of governmental operating expenses. Therefore, the Sheriff's other general revenue and taxes fund 74% of operations.

Revenue by Source



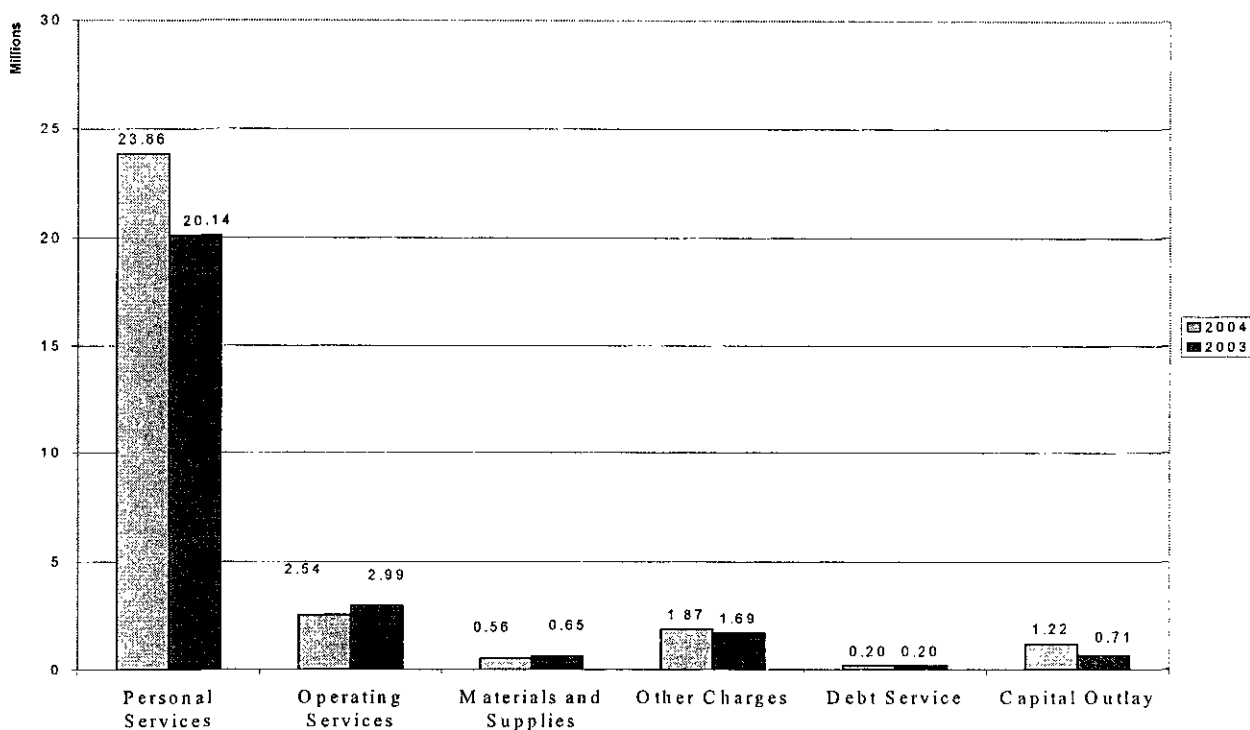
Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

GOVERNMENTAL FUNCTIONAL EXPENSES

The total function of the Sheriff's office is public safety activities. The only other non-functional cost is interest expense related to the capital lease obligation for equipment purchased. Of the total costs, depreciation on equipment and vehicles was \$1.2m or 4% of total expenses in the current year as compared to \$1.02m or 4% of total expenses in the prior year.

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 \$6,311,611, as compared to the prior year of \$7,979,362, a decrease of \$1,667,751. Legally restricted fund balances (i.e., the reserved fund balances) include \$304,879 tied up in prepaid expenses, an increase of \$170,389. The unreserved balance is available for continued funding of Sheriff's activities.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

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 decreased by \$1,601,032 from the prior year.

Operating expenditures were approximately \$30.2 million or 15% greater than fiscal 2003. High utilization and costs associated with the Sheriff's self-funded health plan was a major contributing factor as these costs increased by \$1.3m or 41%. Non-personnel operating costs increased approximately \$469,000 or 8% over the prior year.

The ending fund balance of 6,311,611 for all governmental funds at year-end represents approximately 22% of annual operating expenses.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund's original budget varied only slightly from the original projected amounts. The total final budgeted revenues were 3% greater than the original budget. This can be attributed to the following:

- A \$712,000 increase in ad valorem tax revenue.
- A 1% sales tax, voted on in October of 2002 was conservatively projected at \$3.72m. This tax yielded actual revenue of \$4.2m. Lack of good historical data was the reason for the conservative estimate.
- An additional \$250,000 of revenue in State, City and Parish grants. This resulted from the receipt of additional funds generated by security provided to the Lafayette Utilities System and other agencies contracting for security services. There is a corresponding increase in salary expense.

The final budget reflects a 9% increase in expenditures over the original budget. Some of the major contributing factors of this increase are:

- Increase in capital outlay. An unanticipated need for additional vehicles arose as a result of accidents and unforeseen breakdowns. Also, needed software upgrades were more costly than expected.
- Health insurance costs continued to rise well above all projections. The original budgeted amount was approximately \$2m less than actual cost.

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 2003 to 2004. See "Note 1" for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

Comparisons of capital assets from 2003 to 2004 follows:

Capital Assets

	<u>Governmental Activities</u>	
	2004	2003
Depreciable Assets		
Buildings and Improvements	\$ 5,040,422	\$ 5,037,822
Equipment and Furniture	4,801,281	4,057,337
Vehicles	<u>3,086,011</u>	<u>2,842,038</u>
Total Depreciable Assets	\$ 12,927,714	\$11,937,197
Less Accumulated Depreciation	<u>7,967,816</u>	<u>7,004,606</u>
Book Value - depreciable assets	<u>\$ 4,959,898</u>	<u>\$ 4,932,591</u>
Percentage depreciated	<u>62%</u>	<u>59%</u>

At June 30, 2004, the depreciable capital assets for governmental activities were 62% depreciated versus 59% for the prior year. This indicator suggests that assets are not being replaced at the same rate that they are being depreciated.

This year's major additions were radio and computer equipment upgrades and vehicle purchases. The 2005 budget includes significant capital additions relating to the implementation of a video visitation system for the inmate population, partially funded by grant revenues.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

Long-Term Debt

At the end of the fiscal year, the Sheriff had debt in the form of a capital lease in the amount of \$183,966. This lease was entered into in November of 2000 to acquire handheld radios. There is one annual installment remaining, and this debt will be retired in full in November of 2004. The assets that were acquired by this lease also secure the lease. During this year, the Sheriff retired \$172,951 in debt, the annual payment of this equipment lease. See "Note K" for additional information regarding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sheriff considered many factors when setting the fiscal year 2005 budget. One factor was the increase in assessed values of property in the Parish thus increasing expected ad valorem tax revenues. The Sheriff has also taken action to limit the exposure of health insurance claims in the current year by changing the third party administrator of the health plan as well as implementing slight increases in copays and deductibles. The new administrator also provides a maximum annual exposure for claims liabilities, which is a change from the previous administrator. Inflation in the area continues to be in line with the national Consumer Price Index (CPI) increase.

The Sheriff also implemented a new work release program beginning with the 2005 fiscal year. This program is expected to provide additional general fund revenues to fund the ongoing operations of the Sheriff. In addition, this program provides the inmates with an opportunity to seek employment and develop skills to be used once released. The program began on July 1 of the fiscal year with an approval of 25 inmates, however subsequent to budget adoption, approval for an additional 75 has been obtained which will provide even more revenue. In order to accomplish this expansion, the Sheriff plans to construct a facility to house these inmates, which will require additional capital outlay.

These indicators were taken into account when adopting the General Fund budget for 2005. Amounts available for appropriation in the General Fund budget are \$28,148,573, an increase of less than one percent over the final 2004 budget of \$28,095,994. Property tax revenues are expected to increase in the upcoming year due to reassessment. However, at budget time, the extent of the increase was not known, therefore, it was very conservatively estimated. The Sheriff will use this increase in revenues to finance programs we currently offer and the effect that we expect inflation to have on program costs. Budgeted expenditures are expected to remain fairly constant in 2005. Increased wages and cost-of-living adjustments will increase slightly, however, cost decreases are expected in the self-insured health plan due to the limited liability of the program for fiscal year 2005. The Sheriff has added no major new programs or initiatives to the 2005 budget other than the work release program discussed above.

If these estimates are realized, the Sheriff's budgetary General Fund balance is expected to increase modestly by the close of 2005.

Lafayette Parish Sheriff
Lafayette, Louisiana

Management's Discussion and Analysis

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, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Technical Overdraft	\$ 315,024
Accounts Payable	389,820
Accrued Expenses	33,777
Due to Other Governmental Units	7,911
Claims Payable - Current	624,544
Current Portion-Capital Lease Payable	183,966
Current Portion-Compensated Absences	<u>274,280</u>
Total Current Liabilities	<u>1,829,322</u>
Noncurrent Liabilities	
Capital Lease Payable - Long Term	-
Claims Payable - Long Term	339,240
Accrued Compensated Absences	<u>1,429,293</u>
Total Noncurrent Liabilities	<u>1,768,533</u>
TOTAL LIABILITIES	<u>3,597,855</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	4,775,932
Unrestricted	<u>4,882,318</u>
TOTAL NET ASSETS	<u>9,658,250</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,256,105</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, 2004

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	
Governmental Activities			
Public Safety	\$ 31,033,036	\$ 5,944,738	\$ (22,983,349)
Interest on Long-Term Debt	<u>22,731</u>	-	<u>(22,731)</u>
Total Governmental Activities	\$ <u>31,055,767</u>	\$ <u>5,944,738</u>	<u>(23,006,080)</u>
General Revenues:			
Property Taxes			13,938,968
Sales Taxes			4,226,707
State Revenue Sharing			759,314
State Supplemental Pay			1,146,421
Investment Earnings			193,207
Gain on Sale of Assets			32,828
Other General Revenues			<u>1,138,524</u>
Total General Revenues			<u>21,435,969</u>
Change in Net Assets			(1,570,111)
Net Assets-Beginning			<u>11,228,361</u>
Net Assets-Ending			\$ <u>9,658,250</u>

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, 2004**

	General Fund	Special Revenue Fund Non-Major	Total Governmental Funds
ASSETS			
Cash	\$ 128,169	\$ -	\$ 128,169
Interest-Bearing Deposits	5,498,926	290,672	5,789,598
Investments	154,093	-	154,093
Prepaid Expenses	304,879	-	304,879
Receivables:			
Due From Other Governmental Units	1,638,226	-	1,638,226
Due From Other Funds	225,000		
Other	-	40,972	40,972
	\$ 7,949,293	\$ 331,644	\$ 8,055,937
LIABILITIES AND FUND BALANCES			
Liabilities:			
Technical Overdraft	\$ 315,024	\$ -	\$ 315,024
Accounts Payable	369,720	20,100	389,820
Due to Other Governmental Units	1,618	6,293	7,911
Due to Other Funds	723,514	225,000	948,514
Other Accrued Liabilities	308,057	-	308,057
Total Liabilities	1,717,933	251,393	1,969,326
Fund Balances -			
Reserved for Prepaids	304,879	-	304,879
Unreserved, Undesignated	5,926,481	80,251	6,006,732
Total Fund Balances	6,231,360	80,251	6,311,611
Total Liabilities and Fund Equity	\$ 7,949,293	\$ 331,644	\$ 8,280,937

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, 2004

Total Governmental Fund Balances	\$ 6,311,611
<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.	4,959,898
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,613,259)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 9,658,250</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, 2004**

	General Fund	Special Revenue Fund Non-Major	Total Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 13,938,968	\$ -	\$ 13,938,968
Sales Tax Revenue	4,226,707	-	4,226,707
Intergovernmental Revenues -			
Federal Grants	292,169	-	292,169
State Revenue Sharing (Net)	759,314	-	759,314
State Supplemental Pay	1,146,421	-	1,146,421
State, City and Parish Grants	1,812,780	-	1,812,780
Fees, Charges, and Commissions for Services -			
Civil and Criminal Fees	1,846,244	-	1,846,244
Court Attendance	56,659	-	56,659
Transporting Prisoners	58,809	-	58,809
Feeding and Keeping Prisoners	2,950,007	-	2,950,007
Sales of Commissary Goods	-	55,868	55,868
Telephone Commission Income	-	379,969	379,969
Interest Income	189,072	-	189,072
Miscellaneous	1,110,281	28,243	1,138,524
Total Revenues	28,387,431	464,080	28,851,511
Expenditures:			
Current -			
 Public Safety:			
Personal Services and Related Benefits	23,857,748	-	23,857,748
Operating Services	2,542,793	300,442	2,843,235
Materials and Supplies	559,253	-	559,253
Other Charges	1,869,151	-	1,869,151
 Debt Service -			
Principal Retirement	172,951	-	172,951
Interest and Fiscal Charges	22,731	-	22,731
Capital Outlay	1,221,664	5,357	1,227,021
Total Expenditures	30,246,291	305,799	30,552,090
Excess (Deficiency) of Revenues Over Expenditures	(1,858,860)	158,281	(1,700,579)
Other Financing Sources (Uses):			
Operating Transfers In	225,000	-	225,000
Operating Transfers Out	-	(225,000)	(225,000)
Sale of Assets	32,828	-	32,828
Total Other Financing Sources (Uses)	257,828	(225,000)	32,828
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	(1,601,032)	(66,719)	(1,667,751)
Fund Balances, Beginning	7,832,392	146,970	7,979,362
Fund Balances, Ending	\$ 6,231,360	\$ 80,251	\$ 6,311,611

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, 2004**

Net Change in Fund Balances - Total Governmental Funds \$(1,667,751)

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

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 capital outlay exceeded depreciation in the current period. 27,307

Repayment of capital lease obligation is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 172,951

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. (102,618)

Change in Net Assets of Governmental Activities **\$(1,570,111)**

LAFAYETTE PARISH SHERIFF

**INTERNAL SERVICE FUND
GROUP SELF-INSURANCE FUND
GOVERNMENTAL ACTIVITIES
STATEMENT OF NET ASSETS
JUNE 30, 2004**

ASSETS

Current Assets:	
Interest-Bearing Deposits	\$ 133,538
Investments	11,775
Premium Deposit	47,000
Receivables:	
Insurance	42,201
Other	5,756
Due from Other Funds	<u>723,514</u>
Total Assets	<u>\$ 963,784</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Claims Payable	\$ 963,784
Other Accrued Liabilities	<u>-</u>
Total Liabilities	963,784
Net Assets:	
Unrestricted	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 963,784</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, 2004

Operating Revenues:	
Contributions - Employer	\$ 5,006,430
Contributions - Employees	417,359
Other	<u>179,823</u>
Total Operating Revenues	<u>5,603,612</u>
Operating Expenses:	
Administrative Fees and Insurance Premiums	686,809
Loss Fund Payments	<u>4,920,938</u>
Total Operating Expenses	<u>5,607,747</u>
Operating Loss	(4,135)
Nonoperating Revenues:	
Interest Earned	<u>4,135</u>
Net Loss	-
Net Assets, Beginning	<u>-</u>
Net Assets, Ending	<u>\$ -</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, 2004

Cash Flows From Operating Activities:	
Operating Loss	\$ (4,135)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities -	
Changes in Assets and Liabilities:	
Decrease in Insurance Receivable	8,503
Increase in Other Receivables	(409,536)
Increase in Premium Deposit	(47,000)
Increase in Claims Payable	511,047
Decrease in Other Accrued Liabilities	(48,411)
Total Adjustments	<u>14,603</u>
Cash Provided by Operating Activities	10,468
Cash Flows From Investing Activities:	
Interest Earned	<u>4,135</u>
Increase in Cash and Cash Equivalents	14,603
Cash and Cash Equivalents, Beginning of Year	<u>130,710</u>
Cash and Cash Equivalents, End of Year	<u>\$ 145,313</u>
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	\$ 119,048
Investments	<u>11,662</u>
Total Cash and Cash Equivalents	<u>130,710</u>
Cash and Cash Equivalents, End of Period - Interest-Bearing Deposits	133,538
Investments	<u>11,775</u>
Total Cash and Cash Equivalents	<u>145,313</u>
Net Increase	<u>\$ 14,603</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, 2004

	<u>Total Agency Funds</u>
Assets:	
Cash and Interest Bearing Deposits	\$ 1,113,153
Due From Others	<u>6,293</u>
Total Assets	<u>\$ 1,119,446</u>
 Liabilities:	
Due to Taxing Bodies and Others	\$ 946,651
Due to Prisoners	<u>172,795</u>
Total Liabilities	<u>\$ 1,119,446</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, 2004

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 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.

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

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Sheriff's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Sheriff's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Sheriff has elected to implement the general provisions of the Statement in fiscal year 2003.

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

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 parish Sheriff.

2. Basis of Presentation

The accompanying basic financial statements of the Lafayette Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

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.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Financial Statements (FFS)

The financial transactions of the Sheriff are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Sheriff:

Governmental Funds –

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Sheriff:

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.

Special Revenue Funds

Special revenue funds are 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.

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all governmental funds. Nonmajor funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The General Fund is the only fund of the Sheriff to be considered a major fund.

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.

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.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

LAFAYETTE PARISH SHERIFF

NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except that principal and interest on general long-term debt are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

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.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

5. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits are stated at cost, which approximates market.

6. Investments

Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At June 30, 2004, the Sheriff's investments in LAMP, which are stated at amortized cost, amounted to \$165,867.

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. Vacation and Sick Leave

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, 2004, the Sheriff has accrued vested leave benefits as required to be reported in accordance with GASB statement No. 16, "Accounting for Compensated Absences."

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

10. 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

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 the 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, 2004, four 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, 2004 was \$7,386.
- 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. Capitalization of Interest Expense

It is the policy of the Lafayette Parish Sheriff to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

13. Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- b. Imposed by law through constitutional provisions or enabling legislation.

The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

14. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond June 30, 2004 are recorded as prepaid items.

15. Fund Equity

- a. Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

- b. Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

16. 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 balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of that difference are as follows:

Capital Lease Payable	\$ 183,966
Compensated Absences	<u>1,429,293</u>
Net Adjustment to Reduce Fund Balance-Total Governmental Funds to Arrive at Net Assets-Governmental Activities	<u>\$ 1,613,259</u>

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - continued

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	\$ 1,227,021
Depreciation	<u>(1,199,714)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 27,307</u>

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, 2004, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$6,755,687 as follows:

Demand Deposits and Cash on Hand	\$ (186,855)
Money Market Accounts	<u>6,942,542</u>
Total	<u>\$ 6,755,687</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004, are secured as follows:

Bank Balances	<u>\$ 8,251,130</u>
Federal Deposit Insurance	\$ 222,065
Pledged Securities (Category 3)	<u>8,029,065</u>
Total	<u>\$ 8,251,130</u>

LAFAYETTE PARISH SHERIFF
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

C. CASH AND INTEREST-BEARING DEPOSITS - continued

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.

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.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

D. INVESTMENTS - continued

At June 30, 2004, the Sheriff's investments totaled \$165,868 as follows:

<u>Description</u>	<u>Category</u>	<u>Interest Rate</u>	<u>Amount/ Amortized Cost</u>	<u>Fair Market Value</u>
Louisiana Asset Management Pool (LAMP)	N/A	variable	<u>\$ 165,868</u>	<u>\$ 165,868</u>

E. DUE FROM OTHER GOVERNMENTAL UNITS

A summary of due from other governmental units of \$1,638,226 at June 30, 2004 follows:

Sales Tax Revenue	\$ 774,007
Intergovernmental Revenues -	
Federal Grants	150,739
State, City and Parish Grants	324,966
Food Service Contracts	6,713
Fees, Charges and Commissions for Services -	
Civil and Criminal Fees	13,279
Court Attendance	7,475
Forfeitures	17,798
Transporting Prisoners	5,810
Feeding and Keeping Prisoners -	
Parish Government	60,265
State Government	78,029
Federal Government	187,319
Other	1,743
Miscellaneous	<u>10,083</u>
Total	<u>\$ 1,638,226</u>

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

F. INTERFUND TRANSACTIONS

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
Reclass Telephone Commissions	General	Special Revenue	\$ 225,000
Due To/From:			
Advance in Anticipation of Receipts	Internal Service	General	\$ 723,514
Repayment of Telephone Commissions	General	Special Revenue	\$ 225,000

G. 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.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2004, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 16.79 mills on property with assessed valuations totaling \$831,002,237. 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 2003 were \$13,953,385.

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, 2004 and 2003 amounted to \$234,972 and \$205,201, respectively.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

H. RETIREMENT COMMITMENTS - continued

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 9.8% of their annual covered salary and the Lafayette Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 9.25% 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, 2004, 2003, and 2002 were \$1,410,871, \$1,068,107 and \$890,190, respectively.

I. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities:				
Buildings and Improvements	\$ 5,037,822	\$ 2,600	\$ -	\$ 5,040,422
Equipment and Furniture	4,057,337	763,440	19,496	4,801,281
Vehicles	2,842,038	460,981	217,008	3,086,011
Total	<u>11,937,197</u>	<u>1,227,021</u>	<u>236,504</u>	<u>12,927,714</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	1,934,025	173,389	-	2,107,414
Equipment and Furniture	2,782,818	616,269	19,496	3,379,591
Vehicles	2,287,763	410,056	217,008	2,480,811
Total	<u>7,004,606</u>	<u>1,199,714</u>	<u>236,504</u>	<u>7,967,816</u>
Net Capital Assets	<u>\$ 4,932,591</u>	<u>\$ 27,307</u>	<u>\$ -</u>	<u>\$ 4,959,898</u>

Depreciation expense for the year ended June 30, 2004 was \$1,199,714 and is charged to the public safety function.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

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. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The Sheriff's long-term debt is attributable to governmental activities and includes compensated absences, claims payable, and a capital lease obligation. These debts 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, 2004.

	<u>Claims Payable</u>	<u>Compensated Absences</u>	<u>Capital Lease Obligation</u>	<u>Total</u>
Long-Term Obligations Payable at June 30, 2003	\$ 452,737	\$ 1,517,731	\$ 356,917	\$2,327,385
Additions	511,047	185,842	-	696,889
Deductions	-	-	172,951	172,951
Long-Term Obligations Payable at June 30, 2004	<u>\$ 963,784</u>	<u>\$ 1,703,573</u>	<u>\$ 183,966</u>	<u>\$2,851,323</u>
Current Portion	<u>\$ 624,544</u>	<u>\$ 274,280</u>	<u>\$ 183,966</u>	<u>\$ 667,555</u>

Capital Lease Obligation consists of a lease for communications equipment entered into in November 2000, with Motorola, Inc. The total cost of the equipment is \$672,374 and is included in equipment. Accumulated depreciation relating to this asset at June 30, 2004 was \$403,424. The lease term is four years with annual payments of \$195,682, bearing interest at a rate of 6.19 percent per annum.

Future minimum lease payments including interest are as follows:

Year Ended June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	<u>\$ 183,966</u>	<u>\$ 11,716</u>	<u>\$ 195,682</u>

L. TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2004, include \$250,997 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, 2004

M. LITIGATION AND CLAIMS

At June 30, 2004, 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 amount of claims and lawsuits which have been classified as "reasonably possible" range from \$1,000 to \$25,000.

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, 2004, and is being administered by Benesys, Inc. 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 \$4,920,938 and \$3,488,653 for the plan years ended June 30, 2004 and 2003, respectively. The Sheriff purchased commercial insurance for claims in excess of coverage provided by the Fund. At June 30, 2004, the Sheriff recorded an insurance receivable in the amount of \$42,201 for amounts due from the insurance carrier for aggregate and specific claims in excess of the coverage amount.

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 \$963,784 reported in the fund at June 30, 2004 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.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

O. RISK MANAGEMENT - continued

Changes in the fund's claims liability amount in fiscal years 2004 and 2003 were:

<u>Year Ended</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
June 30, 2003	\$ 528,519	\$ 3,412,871	\$ 3,488,653	\$ 452,737
June 30, 2004	\$ 452,737	\$ 5,431,985	\$ 4,920,938	\$ 963,784

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, 2004. For the year ended December 31, 2003, the Task Force reported an excess of revenues over expenditures in its General Fund of \$48,184, and an ending fund balance of \$246,277. 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, 2004, the Sheriff paid \$50,000 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.

LAFAYETTE PARISH SHERIFF

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

Q. OPERATING LEASES - continued

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

June 30, 2005	\$16,755
June 30, 2006	5,755
June 30, 2007	3,029
June 30, 2008	1,082
June 30, 2009 and thereafter	<u>1,758</u>
Total	<u>\$28,379</u>

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

R. LINE OF CREDIT

On October 16, 2003 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 \$2,000,000, at an interest rate not to exceed four percent per annum, to be repaid on or before June 30, 2004. 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 Regions Bank. No funds were borrowed from the line of credit during the fiscal year ended June 30, 2004.

**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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 13,218,535	\$ 13,930,610	\$ 13,938,968	\$ 8,358
Sales Tax Revenue	3,720,000	4,000,000	4,226,707	226,707
Intergovernmental Revenues -				
Federal Grants	344,570	275,000	292,169	17,169
State Revenue Sharing (Net)	757,882	760,000	759,314	(686)
State Supplemental Pay	1,315,487	1,146,500	1,146,421	(79)
State, City and Parish Grants	1,712,900	1,950,000	1,812,780	(137,220)
Fees Charges and Commissions for Services -				
Civil and Criminal Fees	1,734,758	1,717,179	1,846,244	129,065
Court Attendance	16,679	40,657	56,659	16,002
Transporting Prisoners	55,704	57,128	58,809	1,681
Feeding and Keeping Prisoners	3,362,618	2,941,920	2,950,007	8,087
Interest Income	78,518	82,000	189,072	107,072
Miscellaneous	868,326	1,195,000	1,110,281	(84,719)
Total Revenues	<u>27,185,977</u>	<u>28,095,994</u>	<u>28,387,431</u>	<u>291,437</u>
Expenditures:				
Current -				
Public Safety:				
Personal Services and Related Benefits	21,484,496	23,330,957	23,857,748	(526,791)
Operating Services	2,496,217	2,550,216	2,542,793	7,423
Materials and Supplies	615,022	557,610	559,253	(1,643)
Other Charges	1,615,283	1,724,355	1,869,151	(144,796)
Debt Service -				
Principal	165,000	165,000	172,951	(7,951)
Interest	35,000	35,000	22,731	12,269
Capital Outlay	746,728	1,200,000	1,221,664	(21,664)
Total Expenditures	<u>27,157,746</u>	<u>29,563,138</u>	<u>30,246,291</u>	<u>(683,153)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,231</u>	<u>(1,467,144)</u>	<u>(1,858,860)</u>	<u>(391,716)</u>
Other Financing Sources (Uses):				
Operating Transfers In		10,000	225,000	215,000
Operating Transfers Out		-	-	-
Sale of Assets	13,500	-	32,828	32,828
Total Other Financing Sources (Uses)	<u>13,500</u>	<u>10,000</u>	<u>257,828</u>	<u>247,828</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	41,731	(1,457,144)	(1,601,032)	(143,888)
Fund Balance, Beginning	<u>7,832,392</u>	<u>7,832,392</u>	<u>7,832,392</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,874,123</u>	<u>\$ 6,375,248</u>	<u>\$ 6,231,360</u>	<u>\$ (143,888)</u>

**OTHER SUPPLEMENTARY
INFORMATION**

LAFAYETTE PARISH SHERIFF

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current:				
Public Safety -				
Personal Services and Related Benefits:				
Sheriff Salary	\$ 87,000	\$ 102,000	\$ 101,823	\$ 177
Deputies Salaries	17,261,703	16,919,957	17,096,715	(176,758)
Pension and Payroll Taxes	1,491,243	1,797,000	1,888,595	(91,595)
Sheriff's Expense Allowance	8,700	12,000	10,182	1,818
Hospitalization Insurance	2,635,850	4,500,000	4,760,433	(260,433)
Total Personal Services and Related Benefits	<u>21,484,496</u>	<u>23,330,957</u>	<u>23,857,748</u>	<u>(526,791)</u>
Operating Services:				
Auto and Liability Insurance	946,376	1,130,000	990,472	139,528
Leases	134,652	109,375	232,159	(122,784)
Telephone and Utilities	262,104	265,963	174,914	91,049
Fuel and Oil	257,405	262,696	288,454	(25,758)
Maintenance and Repairs	340,701	409,836	453,769	(43,933)
Legal and Professional Fees	347,354	205,000	229,940	(24,940)
Claims Paid	-	-	4,750	(4,750)
Office Expense	207,625	167,346	168,335	(989)
Total Operating Services	<u>2,496,217</u>	<u>2,550,216</u>	<u>2,542,793</u>	<u>7,423</u>
Materials and Supplies:				
Uniforms	180,275	165,909	176,595	(10,686)
Small Equipment and Supplies	337,045	325,000	311,808	13,192
Publications	72,652	44,701	53,659	(8,958)
Deputy Supplies	25,050	22,000	17,191	4,809
Total Materials and Supplies	<u>615,022</u>	<u>557,610</u>	<u>559,253</u>	<u>(1,643)</u>
Other Charges:				
Prisoner Feeding and Maintenance	1,375,871	1,412,855	1,522,258	(109,403)
Extraditions	-	-	3,034	(3,034)
Criminal Investigation Expense	2,088	30,000	28,070	1,930
Training	121,008	125,000	126,465	(1,465)
Travel and Conventions	18,351	15,000	8,000	7,000
Dues	21,666	27,000	33,486	(6,486)
Juvenile Programs	10,499	15,000	16,657	(1,657)
Canine	20,077	4,500	5,073	(573)
Occupational Medical	45,723	35,000	39,132	(4,132)
Appropriation to Parish Government -				
Metro Narcotics	-	50,000	50,000	-
Crime Lab	-	10,000	36,976	(26,976)
Total Other Charges	<u>1,615,283</u>	<u>1,724,355</u>	<u>1,869,151</u>	<u>(144,796)</u>
Debt Service -				
Principal	165,000	165,000	172,951	(7,951)
Interest	35,000	35,000	22,731	12,269
Capital Outlay	746,728	1,200,000	1,221,664	(21,664)
Total Expenditures	<u>\$27,157,746</u>	<u>\$29,563,138</u>	<u>\$30,246,291</u>	<u>\$ (683,153)</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, 2004**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales of Commissary Goods	\$ 60,000	\$ 68,897	\$ 55,868	\$ (13,029)
Telephone Commission Income	375,000	300,000	379,969	79,969
Miscellaneous	30,000	24,683	28,243	3,560
Total Revenues	465,000	393,580	464,080	70,500
Expenditures:				
Current -				
Operating Services:				
Purchase of Commissary Goods	207,500	151,319	192,507	(41,188)
Supplies	25,000	26,000	23,346	2,654
Payments to Inmate Work				
Crews and Indigent Inmates	55,000	63,040	57,917	5,123
Miscellaneous	15,000	24,000	26,672	(2,672)
Total Operating Services	302,500	264,359	300,442	(36,083)
Capital Outlay	3,000	6,192	5,357	835
Total Expenditures	305,500	270,551	305,799	(35,248)
Excess of Revenues over Expenditures	159,500	123,029	158,281	35,252
Other Financing Sources (Uses):				
Operating Transfer Out	(150,000)	(150,000)	(225,000)	75,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	9,500	(26,971)	(66,719)	110,252
Fund Balance, Beginning	146,970	146,970	146,970	-
Fund Balance, Ending	\$ 156,470	\$ 119,999	\$ 80,251	\$ 110,252

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, 2004

	Sheriff's Fund	Tax Collector Fund	Deputy Fund	Bond Fund	Prison Inmate Fund	Total
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ 325	\$ 75,177	\$ 75,502
Interest-Bearing Deposits	222,426	254,150	22,267	419,270	119,538	1,037,651
Due from Others	-	-	-	6,293	-	6,293
Total Assets	<u>\$ 222,426</u>	<u>\$ 254,150</u>	<u>\$ 22,267</u>	<u>\$ 425,888</u>	<u>\$ 194,715</u>	<u>\$ 1,119,446</u>
LIABILITIES						
Due to Taxing Bodies and Others	\$ 222,426	\$ 254,150	\$ 22,267	\$ 425,888	\$ 21,920	\$ 946,651
Due to Prisoners	-	-	-	-	172,795	172,795
Total Liabilities	<u>\$ 222,426</u>	<u>\$ 254,150</u>	<u>\$ 22,267</u>	<u>\$ 425,888</u>	<u>\$ 194,715</u>	<u>\$ 1,119,446</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

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

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

We have audited the financial statements of the Lafayette Parish Sheriff as of and for the year ended June 30, 2004, and have issued our report thereon dated December 14, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 grants, *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 two instances of noncompliance that are required to be reported under Government Auditing Standards, and are described in the accompanying Schedule of Findings and Questioned Costs as 2004-1 and 2004-2.

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 opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended for the information of management, the Legislative Auditor of the State of Louisiana and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DeHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

December 14, 2004

LAFAYETTE PARISH SHERIFF

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

We have audited the financial statements of the Lafayette Parish Sheriff as of and for the year ended June 30, 2004, and have issued our report thereon dated December 14, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States. Our audit of the financial statements of June 30, 2004 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 ___x Yes ___ No

Section II - Financial Statement Findings

2004-1 Budget Amendments

Finding:

Louisiana Revised Statute 39:1310 requires that budgets be adopted for General and Special Revenue funds and that amendments be made and properly adopted when variances to the budget amounts are in excess of five (5) percent. The Sheriff's Office failed to adequately amend the budgets for the General Fund and the Special Revenue Fund.

Recommendation:

We recommend the Sheriff's Office implement procedures to monitor budget to actual comparisons and amend as necessary in order to comply with the Louisiana Local Government Budget Act.

2004-1 Bond Commission Approval

Finding:

Louisiana Revised Statute 39:1410 requires that no governmental agency enter into third party financing contracts without prior written approval from the State Bond Commission. The Sheriff's Office entered into an insurance premium financing arrangement during the current year without prior written approval of the State Bond Commission.

Recommendation:

The Sheriff's Office should implement procedures to monitor requirements that all financing agreements must be approved by the Louisiana Bond Commission prior to execution in order to comply with the Louisiana Laws.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable for the year ended June 30, 2004.

LAFAYETTE PARISH SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

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

2003-1 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:

Although the Lafayette Parish Sheriff's Office has made significant progress in amending their budgets, this finding is unresolved. See current year finding 2004-1.

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

This section was not applicable for the year ended June 30, 2003.

Section III. Management Letter

2003ML-01 Outstanding Checks

Recommendation:

Outstanding checks in the various agency funds and the internal service fund should be researched and reissued or turned over to the unclaimed property division of the state of Louisiana.

Follow Up:

Resolved.

2003ML-02 Accounting Records

Recommendation:

The amounts reported in the Bond Fund as "Due to Others" should be researched and disbursed or turned over to the state as unclaimed property.

Follow Up:

Resolved.



Lafayette Parish Sheriff's Office

Michael W. Neustrom, Sheriff

"Serving the community with courtesy, professionalism and respect"

www.lafayettesheriff.com



CORRECTIVE ACTION PLAN

JUNE 30, 2004

Louisiana Legislative Auditor

The Lafayette Parish Sheriff respectfully submits the following corrective action plan for the year ended June 30, 2004.

The findings from the June 30, 2004 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding No. 2004-1 Budget Amendments

Recommendation: The Sheriff's Office should implement procedures to monitor budget to actual comparisons and amend as necessary in order to comply with the Louisiana Local Government Budget Act.

Action Taken: Management has implemented procedures to insure that budgets are properly amended to stay in compliance with all applicable state statutes. During the current year, budget to actual analysis was performed with the budgets amended as deemed necessary.

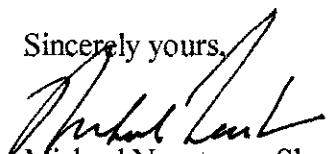
Finding No. 2004-2 Approval of Bond Commission

Recommendation: The Sheriff's Office should implement procedures to monitor requirements that all financing agreements must be approved by the Louisiana Bond Commission prior to execution in order to comply with the Louisiana Laws.

Action Taken: Management has implemented procedures to monitor these requirements on an ongoing 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

