

DESOTO PARISH SHERIFF
Mansfield, Louisiana

Annual Financial Statements
For Year Ended June 30, 2007

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

Release Date 1/23/08

Deborah D. Dees, MBA, CPA
122 Jefferson Street
Mansfield, Louisiana 71052
318-872-3007

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2007

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Deborah D. Dees, MBA, CPA



122 JEFFERSON STREET • MANSFIELD, LOUISIANA 71052 • (318) 872-3007 • FAX (318) 872-1357

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

DeSoto Parish Sheriff
Mansfield, Louisiana

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the DeSoto Parish Sheriff, a component unit of the DeSoto Parish Police Jury, as of and for the year ended June 30, 2007, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the DeSoto Parish Sheriff's management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my 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 and the Louisiana Governmental Audit Guide. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the DeSoto Parish Sheriff as of June 30, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 26, 2007 on my consideration of the DeSoto Parish Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis pages 4-10 and the budgetary comparison information on page 29 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Sheriff's basic financial statements. The nonmajor fund financial statements (pages 31-32) are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deborah D. Dees, CPA

Mansfield, Louisiana
December 26, 2007

**REQUIRED SUPPLEMENTAL
INFORMATION (PART I)**

DeSoto Parish Sheriff
Mansfield, Louisiana
Management's Discussion and Analysis (Unaudited)

Within this section of the DeSoto 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, 2007. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Sheriff's assets exceeded its liabilities by \$6,098,430 (net assets) for the fiscal year reported. Total net assets are comprised of the following:

- Capital assets of \$548,626 include property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase of capital assets.
- Unrestricted net assets of \$5,490,318 which represents the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.
- Restricted net assets of \$59,486 represent grant amounts to be used for the Drug Task Force and DARE.

The Sheriff's governmental funds report total ending fund balance of \$5,625,224 this year. This compares to the prior year ending fund balance of \$4,026,158 showing an increase of \$1,599,066 for the current year. At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$5,417,588 or 96% of total General Fund expenditures and 72% of total General Fund revenues including transfers. Overall, the Sheriff's office continues to maintain a strong financial position. The financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

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 property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 12 and 13 in the last column 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.

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 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 12 and 13 in the first three columns of this report.

Fiduciary funds are reported in the financial statements and report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The fiduciary fund financial statements are presented on page 14 and 15 of this report.

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 17 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 for the general fund as "required supplementary information." This statement is a schedule demonstrating compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 29 of this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

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

SUMMARY OF STATEMENTS OF NET ASSETS

	June 30, 2007		June 30, 2006	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
ASSETS				
Cash and interest-bearing deposits	\$ 5,461,452	86.874%	\$ 3,857,703	85.048%
Other receivables	290,906	4.617%	261,053	5.755%
Prepaid items	150	0.002%	150	0.003%
Capital assets, net	548,626	8.71%	416,984	9.19%
TOTAL ASSETS	6,301,134	100%	4,535,890	100%
LIABILITIES				
Current liabilities:				
Accounts and other accrued payables	54,554	26.91%	19,334	12.19%
Long-term liabilities:				
Compensated absences	148,150	73.09%	139,276	87.81%
TOTAL LIABILITIES	202,704	100%	158,610	100%
NET ASSETS				
Invested in capital assets	548,626		416,984	
Restricted for other uses	59,486		49,446	
Unrestricted	5,490,318		3,910,850	
TOTAL NET ASSETS	\$ 6,098,430		\$ 4,377,280	

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Continued)

The Sheriff continues to maintain operations with no long term debt. This is an indication of the Sheriff's ability to pay obligations as they become due. The Sheriff reported positive balances in net assets for the governmental activities. Net assets increased by \$1,721,150 for governmental activities in fiscal year 2007. Also, note that only 9% of the governmental activities' net assets are tied up in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

Comparative data for government-wide information is presented as it accumulates and is presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net assets:

	June 30, 2007		June 30, 2006	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
REVENUES:				
Program:				
Charges for services/fines	\$ 1,646,572	21.65	\$ 1,407,383	21.53
Operating and capital grants	484,070	6.36	594,762	9.10
General:				
Property taxes	2,344,868	30.83	2,251,367	34.44
Sales tax	2,645,792	34.79	1,903,864	29.12
Video poker	120,254		94,883	
Unrestricted state grants	51,781	0.68	52,276	0.80
Interest	207,075	2.72	134,520	2.06
Miscellaneous	104,859	1.38	98,440	1.51
TOTAL REVENUES	<u>7,605,271</u>	<u>100%</u>	<u>6,537,495</u>	<u>100%</u>
PROGRAM EXPENSES:				
Public safety	(5,884,121)	100%	(5,758,973)	100%
TOTAL EXPENSES	<u>(5,884,121)</u>		<u>(5,758,973)</u>	
CHANGE IN NET ASSETS	1,721,150		778,522	
BEGINNING NET ASSETS	4,377,280		3,547,068	
Prior Period Adjustment			51,690	
ENDING NET ASSETS	<u>\$ 6,098,430</u>		<u>\$ 4,377,280</u>	

Governmental Revenues

The Sheriff is heavily reliant on sales and property taxes to support its operations. Sales tax revenue dedicated to personnel salaries provided about 35% of revenue. This was an increase of \$741,928 or 5.7% over 2006. Property taxes provided 31.54% of the Sheriff's total revenues. Property taxes paid under protest since 2000 that have not been released to the Sheriff are estimated to be a \$73,282 receivable. Because of the Sheriff's healthy financial position, interest earnings of \$185,634 were generated to support governmental activities. Also, note that program revenues cover 28% of governmental operating expenses. This means that the government's taxpayers and the Sheriff's other general revenues fund 72% of its operations.

Governmental Functional Expenses

The total function of the Sheriff's office is public safety-law enforcement activities. Of the total costs, depreciation on the office equipment and vehicles was \$149,625 or 2.5% of total expenses.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Continued)

Major Governmental Fund

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2007 fund balance increased by \$1,721,150. Several factors contributed to this fund increase. Overall, revenues from all sources for the year increased by \$1,059,389. Expenditures reflect an increase of \$125,148 over last year, or about 3%. Of this increase, \$78,202 was in personal service and related benefits. Operating services increased by \$11,850; material and supplies by \$66,445; and travel and other charges by \$2,518.

Non-major Governmental Funds

The other non-major funds that the Sheriff's office maintains are those related to DARE, Task Force activities, a Grant Fund, Criminal Interdiction, and the Commissary. The primary revenue stream in the Tri-Parish Task Force is a federal grant for narcotics investigations, which decreased this year by \$5,415. DARE's primary activities are for the salary and expenses related to a deputy for drug intervention/education for children. The revenue and expenditures for this fund have both remained fairly constant. The Grant Fund is used to account for grant monies received for specific equipment purchases. No expenditures were made from this fund during the year. During the year ended June 30, 2007, the Drug Task Force Fund lacked the funds to pay all salaries. The Criminal Interdiction Fund is comprised of monies released that were held from drug seizures. These monies were used to compensate the shortfall in the salaries of the Drug Task Force Fund. The Commissary Fund is used to account for activities related to the needs of inmates while in the Sheriff's custody.

The non-major fund/Special Revenue Fund's revenues increased by \$30,789 over 2007 while the expenditures decreased by \$17,459. The net effect, after other financing sources effects, was a fund balance decrease of \$27,049 for 2007 versus the 2006 net increase of \$21,238.

BUDGETARY HIGHLIGHTS

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. Total Governmental funds reported ending fund balances of \$5,625,244. Of this year-end total, 96% is unreserved, indicating availability for continuing the Sheriff's activities. The total ending fund balances of governmental funds showed an increase of \$1,599,066.

BUDGETARY HIGHLIGHTS (Continued)

General Fund

The General Fund's final revenue budget were more than the actual amounts reported in fiscal year 2007. The final amended budget reported revenues increasing 8% over the original budget and the actual was 4% above the final budget revenue. Some of the reasons for the increase in revenue include:

- An increase in civil fees
- An increase in the contractual fees
- An increase in fines, forfeitures and other fees
- An increase in video poker revenue
- An increase in sales tax
- An increase in property tax

The final expenditure budget reported an increase of 4% over the original budget amounts. The actual expenditures were more than the final budgeted amount by 2%.

Some of the reasons for the changes in the expenditure budget included:

- An increase in personnel cost and related benefits
- An increase in operating expenses
- An increase in materials and supplies

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2007, was \$548,626.

	Governmental Activities	
	2077	2006
Depreciable assets:		
Office equipment & furniture	\$ 216,252	\$ 199,811
Vehicles	1,388,916	1,280,085
Total depreciable assets	1,605,168	1,479,896
Less accumulated depreciation	1,056,542	1,062,913
Book value - depreciable assets	\$ 548,626	\$ 416,984

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

At June 30, 2007, the depreciable capital assets for governmental activities were 65.82% depreciated versus 71.82% in the prior year. This comparison indicates that the Sheriff is replacing its assets at a steady rate. This percentage is a positive indicator.

The major additions to the vehicle account include:
12 new vehicles for \$264,828 (average cost of \$22,069)

DEBT ADMINISTRATION

At year end, the Sheriff's long-term debt is due to employees for uncompensated earned absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The annual budget is developed to provide efficient, effective and economic uses of the Sheriff's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Sheriff sets the direction of the department, allocates its resources, and establishes its priorities. The following economic factors were considered when the budget for the fiscal year end June 30, 2007 was prepared.

- Revenues are expected to remain consistent with the prior year
- The Sheriff plans to continue to update the vehicles in the department
- Health care is expected to increase in 2007.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, compliance with governmental financial reporting 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 Rodney Arbuckle, Sheriff, 205 Franklin, Mansfield, LA 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH SHERIFF
Mansfield, Louisiana
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
June 30, 2007

	Fund Financial Statements			Adjustments Note 1(D)	Government-Wide Statements
	General Fund	Nonmajor Funds	Total		Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$ 5,362,042	\$ 99,410	\$ 5,461,452	\$ -	\$ 5,461,452
Accounts receivables	285,281	5,625	290,906		290,906
Advance to other funds	8,612	(8,612)		-	
Prepaid expenses	-	150	150	-	150
Capital assets, net of accumulated depreciation (see note 6)	-			(548,626)	548,626
TOTAL ASSETS	\$ 5,655,935	\$ 96,573	\$ 5,752,508	\$ (548,626)	\$ 6,301,134
LIABILITIES					
Liabilities:					
Accounts payable	54,554		54,554	-	54,554
Deferred ad valorem revenue	72,730		72,730	(72,730)	
Long-term debt (see note 7)	-		-	148,150	148,150
TOTAL LIABILITIES	127,284	-	127,284	75,420	202,704
FUND BALANCES/NET ASSETS					
Fund balances:					
Reserved	148,150	59,486	207,636	(59,486)	-
Unreserved	5,380,501	37,087	5,417,588	(5,417,588)	-
TOTAL FUND BALANCES	5,528,651	96,573	5,625,224	(5,625,224)	
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,655,935	\$ 96,573	\$ 5,752,508	(5,549,804)	-
Net Assets:					
Invested in capital assets, net of related debt				548,626	548,626
Restricted				59,486	59,486
Unrestricted				5,490,318	5,490,318
TOTAL NET ASSETS				\$ -	\$ 6,098,430

DeSoto Parish Sheriff-General Fund
Mansfield, Louisiana
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/
Statement of Activities
June 30, 2007

	Fund Financial Statements			Adjustments Note 1(D)	Government-Wide Statements
	General Fund	Nonmajor Funds	Total		Statement of Activities
Public Safety:					
Personal services & related benefits	\$ 4,392,616	41,048	\$ 4,433,664	\$ 8,874	\$ 4,442,538
Operating expenses	543,732	85,312	629,044		629,044
Materials & supplies	616,956	25,243	642,199		642,199
Travel & other charges	18,357	2,358	20,715		20,715
Capital outlays	281,269		281,269	(281,269)	
Depreciation				149,625	149,625
Total Expenditures/Expenses	<u>5,852,930</u>	<u>153,961</u>	<u>6,006,891</u>	<u>(122,770)</u>	<u>5,884,121</u>
PROGRAM REVENUES					
Prisoner reimbursement fees	397,477		397,477		397,477
Contractual fees	629,651		629,651		629,651
Fines, forfeitures, and other commissions	594,046	25,398	619,444		619,444
Operating grants and contributions	400,652	83,418	484,070		484,070
Total Program Revenues	<u>2,021,826</u>	<u>108,816</u>	<u>2,130,642</u>		<u>2,130,642</u>
Net Program Expense	<u>3,831,104</u>	<u>45,145</u>	<u>3,876,249</u>	<u>(122,770)</u>	<u>3,753,479</u>
GENERAL REVENUES					
Property taxes	2,345,552		2,345,552	(684)	2,344,868
Sales taxes	2,645,792		2,645,792		2,645,792
State revenue sharing	51,781		51,781		51,781
Video poker	120,254		120,254		120,254
Miscellaneous income	28,097	60,983	89,080		89,080
Investment earnings	204,564	2,511	207,075		207,075
Total General Revenues	<u>5,396,040</u>	<u>83,494</u>	<u>5,459,534</u>	<u>(684)</u>	<u>5,458,850</u>
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	<u>1,564,936</u>	<u>18,349</u>	<u>1,583,285</u>	<u>(122,086)</u>	<u>1,705,371</u>
Other financing sources:					
Operating transfers in (out)	(8,700)	8,700			
Gain (Loss) on sale of assets	14,800		14,800		14,800
Compensation for damaged assets	979		979		979
Total other financial sources	<u>7,079</u>	<u>8,700</u>	<u>15,779</u>		<u>15,779</u>
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES/CHANGE IN NET ASSETS	<u>1,572,015</u>	<u>27,049</u>	<u>1,599,064</u>	<u>(122,086)</u>	<u>1,721,150</u>
FUND BALANCE/NET ASSETS:					
Beginning of the Year	3,956,634	69,524	4,026,158		4,377,280
End of Year	<u>\$ 5,528,649</u>	<u>\$ 96,573</u>	<u>\$ 5,625,222</u>	<u>\$</u>	<u>\$ 6,098,430</u>

The accompanying notes are an integral part of the financial statements.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
FIDUCIARY FUND TYPE- AGENCY FUNDS
 Statement of Fiduciary Net Assets
 June 30, 2007

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
ASSETS						
Cash	\$ 953,437	\$ 222,325	\$ 270,186	\$ 19,411	\$ 5,501	\$ 1,470,860
Other assets			1,240			1,240
TOTAL ASSETS	\$ 953,437	\$ 222,325	\$ 271,426	\$ 19,411	\$ 5,501	\$ 1,472,100
LIABILITIES						
Liabilities						
Held for other taxing bodies	\$ 953,437					\$ 953,437
Held for others pending court action		222,325	271,426	19,411		513,162
Held for inmates					5,501	5,501
TOTAL LIABILITIES	\$ 953,437	\$ 222,325	\$ 271,426	\$ 19,411	\$ 5,501	\$ 1,472,100
NET ASSETS	\$ 953,437	\$ 222,325	\$ 271,426	\$ 19,411	\$ 5,501	\$ 1,472,100

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

INTRODUCTION

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

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

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, and fines, costs and bond forfeitures imposed by the district court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the DeSoto Parish Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishment of governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June, 1999.

B. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. 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. The DeSoto Parish Police Jury maintains and operates the building in which the Sheriff's office is located and provides funds for some equipment and furniture for the Sheriff's office. Because the Sheriff is fiscally dependent on the Police Jury, the Sheriff was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Sheriff. There are no component units to be included in the Sheriff's reporting entity.

C. Fund Accounting

The Sheriff used funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

C. Fund Accounting (continued)

The amounts reflected in the governmental funds financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included on the Balance Sheet. The Sheriff reports the following governmental funds:

General Fund. The general fund, as provided by Louisiana Revised Statute 33:1422 is the principal fund and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. 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 such as ad valorem taxes, sales, taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes. Per criteria for FFS below, these funds are presented as nonmajor funds in the governmental fund financial statements.

Fiduciary Fund financial statements include a Statement of Net Assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds, which are custodial in nature (assets equal liabilities), do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. Basis of Accounting/Measurement Focus

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attached as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

D. Basis of Accounting/Measurement Focus (continued)

required that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Gaming tax revenues are recorded in the period during which the exchange transactions on which the tax is imposed occur. Fines, forfeitures, fees and court costs are recognized in the period they are released for distribution by the Courts.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements in which the Sheriff must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the Sheriff on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues, including fines, forfeitures and commissions, are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures

Salaries and related benefits are recorded when employee services are provided.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflect 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 disburses). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

Basis of Accounting/Measurement Focus (continued)

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 10 percent of the corresponding total for all governmental funds. Based on this criteria the Sheriff has no major funds.

The following reconciling schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements.

Statement A	
Fund financial statements total fund balances	\$ 5,625,224
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statement, but are reported in the governmental activities of the Statement of Assets	
Cost of capital assets	1,605,168
Less accumulated depreciation	<u>1,058,542</u>
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements but are included in the governmental activities of the Statement of Assets	548,628
Compensated absences	(148,150)
Certain deferred revenues are reported in the governmental funds but not in the Statement of Net Assets	<u>72,730</u>
Government-wide statement net assets	<u>\$ 6,098,430</u>

Statement B	
Fund Financial statements excess of revenues over expenditures	\$ 1,599,064
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Assets and are allocated over their useful lives in the Statement of Activities.	
Capital outlays	281,269
Depreciation expense	(149,626)
In the Statement of Activities, certain operating expense, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid.	
Increase in accrued compensated absences	(8,874)
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds. They are, however, reported in the Statement of Activities	
Increase in deferred revenues-ad valorem taxes	<u>(684)</u>
Government-wide change in net assets	<u>\$ 1,721,150</u>

E. Budgets

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure.

**DeSoto Parish Sheriff
Mansfield, Louisiana**

Notes to the Basic Financial Statements
June 30, 2007

E. Budgets (continued)

The Sheriff must approve all changes or amendments to the budget. The general fund budget was amended during the year.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget which includes all amendments.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts or nonnegotiable certificates of deposit. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

G. Investments

Under Louisiana Revised Statute (R.S.) 33:2955, the Sheriff may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Under this definition the Sheriff does not have any investments.

H. Compensated Absences

The Sheriff has the following policy relating to vacation and sick leave:

After one year of service, all regular, full-time employees are granted 10 days of vacation leave each year. With 12 years plus continuous service with the DeSoto Parish Sheriff, employees are granted 15 days vacation each year. Vacation leave may be accumulated and carried forward to succeeding years. Upon termination of employment, employees are paid for up to 160 hours of accumulated vacation leave. Sick leave is granted on a case-by-case basis, at the discretion of the Sheriff.

The Sheriff's recognition and measurement criteria for compensated absences is as follows: The vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment and furniture	5-20
Vehicles	5

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

J. Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure or expense by the provider. If repayment is expected, these receivables and payables are classified as "Advance to (from) other funds." In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

K. Prepaid Items

Payments made to vendors for services that will benefit beyond June 30, 2007 are recorded as prepaid expenses.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

M. Restricted Net Assets

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

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

N. Deferred Revenues

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Sheriff receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those amounts.

2. LEVIED TAXES

The Sheriff was authorized an ad valorem tax millage of 12.47 mills and levied taxes of 12.47 mills for 2007. Ad valorem taxes are recorded in the year the taxes are assessed.

Total assessed value was \$224,979,435 in 2006. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of

DeSoto Parish Sheriff

Mansfield, Louisiana

Notes to the Basic Financial Statements

June 30, 2007

2. LEVIED TAXES (continued)

\$35,462,783 of the assessed value in 2006. The following are the principal taxpayers for the parish and their 2006 assessed valuation (amounts expressed in thousands):

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
International Paper Co.	Manufacturing	\$34,785	14.92%
Central La. Electric Co.	Utility	26,197	11.23%
Southwestern Electric	Utility	25,508	10.94%
Total		<u>\$86,490</u>	<u>37.09%</u>

The DeSoto Sheriff passed a one-half of one percent (1/2%) sales and use tax on July 17, 2004. Collection of the tax began October 1, 2004. These funds are dedicated to paying salaries and benefits for the law enforcement personnel of the Sheriff. The amount of sales tax collected for year ended June 30, 2007 was \$2,645,792.

3. CASH AND CASH EQUIVALENTS

At June 30, 2007, the Sheriff has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$5,253,143 as follows:

	Government Funds	Fiduciary Funds	Total
Demand deposits	\$ 78,787	498,252	577,040
Interest-bearing demand deposits	5,381,984	972,607	6,354,572
Petty Cash	700		700
Categorized bank deposits	\$ 5,461,452	1,470,860	6,932,311

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.

Deposits (collected bank balances) at June 30, 2007, are \$6,914,268. These deposits are secured from risk by \$500,000 of federal deposit insurance and \$18,677,609 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of 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. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the Sheriff's name.

At June 30, 2007, the balance in the Louisiana Asset Management Pool, Inc. (LAMP) account is \$601,201, (See summary of Significant Accounting Policies Note E.) In accordance with GASB Codification 150.164, the balance in the LAMP account is not categorized in the three risk categories provided by GASB Codification 150.164 because the balance is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an interest in the 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

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

3. CASH AND CASH EQUIVALENTS (continued)

obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. 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. Therefore, under GASB 9, the Sheriff classifies this account as cash.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2007:

	General Fund	Nonmajor Funds	Total
Intergovernmental revenues:			
State supplement pay	\$ 20,356		\$ 20,356
Parish LACE revenue	46,690		46,690
Community Service Reimbursement	1,320		1,320
Federal grants		5,825	5,825
Probation officer	24,796		24,796
Bond fees, fines and forfeitures	350		350
Civil fees and sales	24,410		24,410
Ad valorem tax	77,450		77,450
Fees, charges, and commissions for services:			
Court attendance	9,250		9,250
Transporting of prisoners	1,036		1,036
Feeding and keeping prisoners	32,096		32,096
Local security contracts	23,274		23,274
Background checks	24,253		24,253
Totals	\$ 285,281	\$ 5,825	\$ 290,906

All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

5. INTERFUND RECEIVABLES/PAYABLES

The Sheriff transfers from the General Fund into the nonmajor funds in anticipation of grant revenues that will be received by these funds. When the revenues arrive, the general fund is repaid. Individual balances reported as Interfund receivables/payables, advance to/from other funds at June 30, 2007, are as follows:

	General Fund	Task Force Budget Fund	Total
Interfund receivable	\$ 8,612	\$	\$ 8,612
Interfund payables		(8,612)	(8,612)
Total	\$ 8,612	\$ (8,612)	\$ 0

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

6. CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2007</u>
Depreciable assets:	\$	\$	\$	\$
Office equipment & furniture	199,811	16,441		216,252
Vehicles	1,280,085	264,828	155,997	1,388,916
Total depreciable assets	<u>1,479,896</u>	<u>281,269</u>	<u>155,997</u>	<u>1,605,168</u>
Less accumulated depreciation	<u>1,062,913</u>	<u>149,625</u>	<u>155,996</u>	<u>1,056,542</u>
Capital assets, net	<u>\$ 416,983</u>	<u>131,644</u>	<u>-</u>	<u>\$ 548,626</u>

Depreciation expense in the amount of \$149,625 was charged to public safety.

7. LONG-TERM DEBT

The following is a summary of long-term debt transactions (compensatory time) for the year ended June 30, 2007:

	<u>Long-term debt</u>
Compensated absences at July 1, 2006	\$ 139,276
Additions	148,150
Deductions	(139,276)
Compensated absences at June 30, 2007	<u>\$ 148,150</u>

8. PENSION PLAN

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

All Sheriffs and all deputies who were between the ages of 18 and 50 at the time of original employment, are found to be physically fit, and who earn at least \$400 per month are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5% for each year if total service is at least 12 but less than 15 years, 2.75% for each year if total service is at least 15 but less than 20 years, and 3% for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25% for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

8. PENSION PLAN (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

Funding Policy. Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the DeSoto Parish Sheriff is required to contribute at an actuarially determined rate to the pension plan. The current rate is 7.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the DeSoto Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The DeSoto Parish Sheriff's contributions to the System for the years ended June 30, 2007, 2006, and 2005 were \$354,856, \$352,275, and \$260,961, respectively, equal to the required contributions for each year.

9. OTHER POST-EMPLOYMENT BENEFITS

According to the R.S. 33:1448(G), the Sheriff is required to pay the costs of group medical and dental insurance and for the first ten thousand dollars of life insurance for all Sheriffs' and Deputy Sheriffs' retired with at least fifteen years of service who are at least fifty-five years of age. For the year ended June 30, 2007, there were five retirees receiving these benefits and the total amount of premiums paid for them totaled \$14,925.

10. CHANGES IN AGENCY FUND BALANCES

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

FUND	Balance			Balance June 30,
	July 1,	Additions	Deductions	
Tax collector	1,048,770	\$ 23,797,447	\$ 23,892,780	\$ 953,437
Civil	175,939	736,074	689,688	\$ 222,325
Criminal	146,703	2,359,097	2,234,374	\$ 271,426
Drug Seizures Escrow	19,021	15,796	15,406	\$ 19,411
Inmate Commissary	5,272	101,539	101,310	\$ 5,501
Totals	\$ 1,395,705	\$ 27,009,953	\$ 26,933,568	\$ 1,472,100

11. RESTRICTED NET ASSETS/FUND BALANCE RESERVE

The following schedule summarizes restricted net assets and the reserves at June 30, 2007:

	Fund Balance Reserve		
	General Fund	Nonmajor Funds	Restricted Net Assets
Task Force		1,536	1,536
DARE		57,950	57,950
Total	\$ -	\$ 59,486	\$ 59,486

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2007

12. LITIGATION AND CLAIMS

At June 30, 2007, the DeSoto Parish Sheriff was involved in two lawsuits which were either adequately covered by liability insurance or, in the opinion of the Sheriff's legal counsel, will not result in any liability to the Sheriff.

The Sheriff receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

13. RISK MANAGMENT

The Sheriff is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the Sheriff also maintains a liability insurance policy with the Louisiana Sheriffs' Risk Management Program. No claim has been paid on the policy during the past three years nor is the Sheriff aware of any unfiled claims.

14. FEDERAL FINANCIAL ASSISTANCE

During the year ended June 30, 2007, the DeSoto Parish Sheriff participated in the following federal financial assistance programs:

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number	Issues/ Expenditures
United States Department of Justice			
Louisiana Commission of Law Enforcement			
Multi-Jurisdictional Task Force	16.738	B05-1-006	49,969
Total Federal Financial Assistance			<u>\$ 49,969</u>

The DeSoto Parish Sheriff's office administers monies received for Homeland Security/Emergency Preparedness Grants that are distributed by the DeSoto Parish Police Jury. This revenue is recorded by the DeSoto Parish Police Jury.

16. TAXES PAID UNDER PROTEST

The net assets held for others in the Tax Collector agency fund at June 30, 2007 reflects taxes paid under protest, plus interest earned to date on these funds. These funds are held pending resolution of the protest.

17. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2007.

18. ON-BEHALF PAYMENTS FOR SALARIES

The Sheriff recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Sheriff's employees. For year ended June 30, 2007 the state contributed \$266,442.

REQUIRED SUPPLEMENTARY INFORMATION

DeSoto Parish Sheriff-General Fund
Mansfield, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual--General Fund
June 30, 2007

	Original	Final	General Fund	Variance with Final Budget Positive(Negative)
EXPENDITURES/EXPENSES				
Public Safety:				
Personal services & related benefits	\$ 4,174,500	\$ 4,419,593	\$ 4,392,616	\$ 26,977
Operating expenses	548,100	439,105	543,732	(104,627)
Materials & supplies	535,197	605,427	616,956	(11,529)
Travel & other charges	18,000	18,355	18,357	(2)
Capital outlays	274,900	281,510	281,269	241
Total Expenditures/Expenses	5,550,696	5,763,989	5,852,930	(88,940)
PROGRAM REVENUES				
Prisoner reimbursement fees	327,900	397,435	397,477	42
Contractual fees	627,900	629,707	629,651	(56)
Fines, forfeitures, and other fees	334,550	594,046	594,046	0
Operating grants and contributions	381,750	423,530	400,652	(22,878)
Total Program Revenues	1,572,100	2,044,718	2,021,826	(22,892)
Net Program Expense	3,978,596	3,719,271	3,831,104	(111,832)
GENERAL REVENUES				
Property taxes	2,242,000	2,349,540	2,345,552	(3,988)
Sales taxes	1,800,000	2,419,700	2,645,792	226,092
State revenue sharing	52,200	52,575	51,781	(794)
Video Poker	87,000	120,250	120,254	4
Miscellaneous income	20,800	27,925	28,097	172
Investment earnings	59500	185,000	204,564	19,564
Total General Revenues	4,261,500	5,154,990	5,396,040	241,050
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	282,904	1,435,719	1,564,936	129,218
Other financing sources:				
Operating transfers in (out)	-	-	(8,700)	(8,700)
Sale of assets	(15,000)	(14,800)	14,800	29,600
Compensation for damaged assets	(1,000)	(1,000)	979	1,979
Total other financial sources	(16,000)	(15,800)	7,079	22,879
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES/CHANGE IN NET ASSETS	266,904	1,419,919	1,572,015	152,097
FUND BALANCE/NET ASSETS:				
Beginning of the Year	3,956,634	395,634	3,659,634	0
End of Year	\$ 4,223,538	\$ 1,815,553	\$ 5,231,649	\$ 152,097

The accompanying notes are an integral part of the financial statements.

OTHER SUPPLEMENTARY SCHEDULES

DESOTO PARISH SHERIFF
Mansfield, Louisiana
GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS
Balance Sheet
June 30, 2007

	Task Force Budget Fund	Task Force Program Income Fund	DARE Fund	Commissary Fund	Criminal Interdiction/ Grant Fund	Total
ASSETS						
Cash	\$ 10,148	\$ 15,212	\$ 52,175	\$ 8,121	\$ 13,754	\$ 99,410
Receivables			5,625			5,625
Prepaid expenses			150			150
TOTAL ASSETS	\$ 10,148	\$ 15,212	\$ 57,950	\$ 8,121	\$ 13,754	\$ 105,185
LIABILITIES & FUND EQUITY						
Liabilities:						
Due to other taxing bodies	\$	\$	\$	\$	\$	\$
Interfund payables	8,612					8,612
Total liabilities	8,612				0	8,612
Fund equity:						
Fund balance:						
Reserved	1,536		57,950			59,486
Unreserved-undesignated		15,212		8,121	13,754	37,087
Total Fund Equity	1,536	15,212	57,950	8,121	13,754	96,573
TOTAL LIABILITIES & FUND EQUITY	\$ 10,148	\$ 15,212	\$ 57,950	\$ 8,121	\$ 13,754	\$ 105,185

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2007**

	Task Force Budget Fund	Task Force Program Fund	DARE Fund	Commissary Fund	Criminal Interdiction/ Grant Fund	Total
REVENUES						
Fees, Fines, Commissions and Charges for Services	\$	\$ 12,503	\$ 12,895	\$	\$	\$ 25,398
Operating Grants and Contributions						
Federal grants	49,959		22,375			72,334
Tri-Parish matching funds		11,074				11,074
Interest			2,511			2,511
Miscellaneous				39,274	21,709	60,983
TOTAL REVENUES	<u>49,959</u>	<u>23,577</u>	<u>37,781</u>	<u>39,274</u>	<u>21,709</u>	<u>172,310</u>
EXPENDITURES						
Public safety:						
Personal services and related benefits	17,212	886	19,600		3,550	41,048
Operating services	34,492	15,127	10,900	22,293	2,500	85,312
Materials and supplies	607	6,274	1,108	16,860	1,396	25,243
Travel and other charges		1,196	639		624	2,358
Capital outlay						-
TOTAL EXPENDITURES	<u>52,311</u>	<u>22,282</u>	<u>32,245</u>	<u>39,153</u>	<u>7,970</u>	<u>163,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,342)	1,295	5,536	121	13,739	16,349
Other financing source						
Transfer in	6,848	8,700				15,548
Transfer out		(6,848)				(6,848)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,504					
FUND BALANCES, BEGINNING OF YEAR	(2,968)	12,063	62,414	8,000	15	80,524
FUND BALANCES, END OF YEAR	\$ <u>1,536</u>	\$ <u>15,212</u>	\$ <u>67,960</u>	\$ <u>8,121</u>	\$ <u>13,754</u>	\$ <u>98,573</u>

DESOTO PARISH SHERIFF
Mansfield, Louisiana
FIDUCIARY FUND TYPE- AGENCY FUNDS
 Statement of Changes in Net Assets
 For the year ended June 30, 2007

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
Additions:						
Deposits:						
Sheriff's sales		534,326				534,326
Fines, forfeitures, and costs			2,256,369			2,256,369
Garnishments		201,748				201,748
Seizures, bonds, etc			102,728	15,796		118,524
Taxes, fees, etc., received						
Ad valorem taxes:						
Current year	23,111,203					23,111,203
Prior year	113,717					113,717
Protested	(95,394)					(95,394)
State revenue sharing	546,217					546,217
Interest on:						
Operating account	9,631					9,631
Delinquent taxes	20,336					20,336
Prior year taxes	2,848					2,848
Cost of tax notices, etc.	35,807					35,807
Redemptions	50,421					50,421
Other additions	2,561				101,539	104,200
Total additions	23,797,447	736,074	2,359,097	15,796	101,539	27,009,953
Deductions:						
Settlement payments to:						
Louisiana Dept of Forestry	25,611					25,611
Red River Levee District	2,781					2,781
Louisiana Tax Commission	6,927					6,927
DeSoto Parish:						
Sheriff's General Fund	2,489,572	94,057	360,215			2,943,844
Clerk of Court	2,920	14,273	98,972			116,865
Police Jury	3,183,706		688,045			3,871,751
School Board	12,407,377					12,407,377
Parish Library	582,093					582,093
Assessor	655,891					655,891
Municipalities			2,506			2,506
District Attorney			295,946	15,406		311,352
Communications District	197,930					197,930
Criminal Court Fund			442,546			442,546
Litigants, attorneys		252,113				252,113
Pension Funds	664,607					664,607
Northwest Crime Lab			106,178			106,178
Northwest Juvenile Detention			72,924			72,924
Louisiana Rehabilitation			45,391			45,391
Fire Protection District No. 1	258,759					258,759
Fire Protection District No. 2	120,433					120,433
Fire Protection District No. 5	170,961					170,961
Fire Protection District No. 8	1,090,105					1,090,105
Fire Protection District No. 9	140,218					140,218
Water District No. 1	1,090,661					1,090,661
Ambulance Service District	752,172					752,172
Other Settlements			71,395			71,395
Refunds	50,356		50,256			100,612
Other reductions		329,245			101,310	430,555
Total deductions	23,892,780	689,688	2,234,374	15,406	101,310	26,933,558
Change in Net Assets	(95,333)	46,386	124,723	390	229	76,395
Net Assets, beginning	1,048,770	175,939	146,703	19,021	5,272	1,395,705
Net Assets, ending	\$ 953,437	\$ 222,325	\$ 271,426	\$ 19,411	\$ 5,501	\$ 1,472,100

Supplementary Information. Presented for purposes of additional analysis only.

OTHER REPORTS

Deborah D. Dees, MBA, CPA



122 JEFFERSON STREET • MANSFIELD, LOUISIANA 71052 • (318) 872-3007 • FAX (318) 872-1357

CERTIFIED PUBLIC ACCOUNTANT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

DeSoto Parish Sheriff
Mansfield, Louisiana

I have audited the financial statements of the governmental activities, as well as the aggregate nonmajor governmental funds, and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2007, and have issued my report thereon dated December 26, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the DeSoto Parish Sheriff, management of the Sheriff's office and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Delmar D. Allen, CPA

Mansfield, Louisiana
December 26, 2007

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2007

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

I have audited the basic financial statements of the DeSoto Parish Sheriff as of and for the year ended June 30, 2007, and have issued my report thereon dated December 26, 2007. I conducted my 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. My audit of the financial statements as of June 30, 2007, resulted in an unqualified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:

Compliance

Compliance Material to Financial Statements Yes No

Internal Control

Material Weaknesses Yes No
Other Conditions Yes No

FEDERAL AWARDS

Not applicable

A management letter was issued.

FINANCIAL STATEMENT FINDINGS

None.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Schedule of Prior Year Findings
For the Year ended June 30, 2007

None.