

EAST BATON ROUGE PARISH SHERIFF**Baton Rouge, Louisiana****FINANCIAL REPORT****June 30, 2008**

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

1/28/09

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 10
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Assets	11
Statement of Activities	12
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Assets and Liabilities Fiduciary Funds	17
Notes to the Financial Statements	18 – 27
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	28
Budgetary Comparison Schedule – Special Revenue Fund – Prison Canteen Fund	29

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

TABLE OF CONTENTS (continued)

OTHER SUPPLEMENTARY INFORMATION

General Descriptions – Agency Funds	30
Combining Schedule of Fiduciary Assets and Liabilities – All Agency Funds	31
Combining Schedule of Changes in Assets and Liabilities – All Agency Funds	32

COMPLIANCE AND INTERNAL CONTROL

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33 – 34
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	35 – 36
Schedule of Expenditures of Federal Awards	37 – 38
Notes to Schedule of Expenditures of Federal Awards	38
Schedule of Findings and Questioned Costs	39 – 43
Summary Schedule of Prior Audit Findings	44

INDEPENDENT AUDITORS' REPORT

Honorable Sid J. Gautreaux, III
Sheriff and Tax Collector
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2008, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff as of June 30, 2008, and the respective changes in financial position of the governmental activities and each major fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2008 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance 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 our audit.

Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 10, and pages 28 and 29 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The supplemental schedules contained on pages 31 through 32 are the responsibility of the Sheriff's management, 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 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 16, 2008

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

This section of the East Baton Rouge Parish Sheriff's (the Sheriff's) annual financial report provides our narrative discussion and analysis of the financial activities of the Sheriff for the fiscal years ended June 30, 2008 and 2007. The Sheriff's financial performance is discussed and analyzed within the context of the financial statements and disclosures, which follow this section.

Financial Highlights

- The Sheriff's assets exceeded its liabilities by \$28.1 million and \$24.8 million (net assets) for the fiscal years ended June 30, 2008 and 2007, respectively.
- Total revenues of \$ 68.4 million exceeded total expenses of \$65.2 million, resulting in an increase in net assets of \$3.3 million for the year ended June 30, 2008. For the year ended June 30, 2007, total revenues of \$61.3 million exceeded total expenses of \$59.1 million, resulting in an increase in net assets of \$2.2 million for that year.
- The Sheriff's governmental funds report total ending fund balances of \$23.7 million and \$22.7 million for the years ending June 30, 2008 and 2007, respectively. This represents an increase of \$1.0 million and \$3.2 million in fund balance for the fiscal years ended June 30, 2008 and 2007, respectively. For fiscal year 2009 the Sheriff's Office has budgeted a decrease in fund balance of \$2.6 million. This budgeted deficit for fiscal year 2009 includes anticipated increases in expenditures of \$2.3 million for non-reimbursable personnel services and benefits, \$0.5 million for operating services, and \$1.9 million for capital outlay. The current fund balance is sufficient to absorb this projected deficit.
- Total net assets are comprised of the following:
 - (1) Capital assets of \$7.7 million and \$5.4 million for the years ended June 30, 2008 and 2007, respectively, net of related debt of \$ -0-. Capital assets include property and equipment net of accumulated depreciation.
 - (2) Restricted net assets of \$756,103 and \$620,205 for the years ended June 30, 2008 and 2007, respectively.
 - (3) Unrestricted net assets of \$19.6 million and \$18.9 million for the years ended June 30, 2008 and 2007, respectively.

Greater detail of these financial highlights is provided in the "financial analysis" section of this document.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes information in this report to supplement the basic financial statements

Government-wide Financial Statements

The Sheriff's annual report includes two government-wide financial statements. These statements provide information about the Sheriff's overall financial status over the long-term. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of 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 taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 11 and 12 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 uses governmental funds and fiduciary funds as follows:

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 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.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

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 13 through 16 of this report.

Fiduciary funds are reported in the fund financial statements and present taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The only fiduciary funds presented by the Sheriff are agency funds.

The basic agency fund financial statement is presented on page 17 of this report.

Notes to the basic financial statements

The accompanying notes to the financial 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 18 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 and special revenue fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 28 and 29 of this report.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

Financial Analysis of the Sheriff as a Whole

The Sheriff's net assets are \$28,086,712 and \$24,832,844 at June 30, 2008 and 2007, respectively. The following table provides a summary of the Sheriff's net assets:

Summary of Net Assets

	June 30, 2008		June 30, 2007	
	Governmental Activities	Percentage Total	Governmental Activities	Percentage Total
Assets:				
Current assets	\$ 25,106,594	73%	\$ 24,278,018	79%
Restricted cash	1,219,379	4%	950,596	3%
Capital assets	<u>7,719,602</u>	<u>23%</u>	<u>5,359,574</u>	<u>18%</u>
Total assets	<u>34,045,575</u>	<u>100%</u>	<u>30,588,188</u>	<u>100%</u>
Liabilities:				
Current liabilities	2,665,103	45%	2,522,852	44%
Long-term liabilities	<u>3,293,760</u>	<u>55%</u>	<u>3,232,492</u>	<u>56%</u>
Total liabilities	<u>5,958,863</u>	<u>100%</u>	<u>5,755,344</u>	<u>100%</u>
Net assets:				
Investment in capital assets	7,719,602		5,359,574	
Restricted	756,103		22,888	
Unrestricted	<u>19,611,007</u>		<u>19,450,382</u>	
Total net assets	<u>\$ 28,086,712</u>		<u>\$ 24,832,844</u>	

Net assets of \$28,086,712 and \$24,832,844 at June 30, 2008 and 2007, respectively, were \$3,253,869 more and \$2,235,138 more than net assets for the previous year. The Sheriff has \$7,719,602 and \$5,359,574 invested in capital assets at June 30, 2008 and 2007, respectively. Current assets exceed current liabilities by \$22,441,491 and \$21,755,166 at June 30, 2008 and 2007, respectively.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, 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

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenues:		
Program:		
Fees, charges and commissions for services	\$ 17,719,414 26%	\$ 16,029,983 26%
Operating grants and contributions	2,568,313 4%	813,471 2%
General:		
Ad valorem taxes	42,834,546 63%	39,414,814 64%
Licenses and permits	- 0%	903,546 1%
Grants not restricted to specific programs	3,651,778 5%	2,086,820 4%
Interest income	937,737 1%	1,344,901 1%
Gain on sale of fixed assets	65,627 0%	118,065 0%
Miscellaneous	<u>640,547 1%</u>	<u>591,700 1%</u>
Total revenues	<u>68,417,962 100%</u>	<u>61,303,300 100%</u>
Program expenses:		
Public safety	<u>65,164,093 100%</u>	<u>59,068,162 100%</u>
Total expenses	<u>65,164,093 100%</u>	<u>59,068,162 100%</u>
Change in net assets	3,253,869	2,235,137
Beginning net assets	<u>24,832,843</u>	<u>22,597,705</u>
Ending net assets	<u>\$ 28,086,712</u>	<u>\$ 24,832,843</u>

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

GOVERNMENTAL REVENUES

Taxpayers funded 67% and 66% of the Sheriff's operations in the form of property taxes, grants and the Sheriff's other general revenues for the years ended June 30, 2008 and 2007, respectively. Program revenues funded 30% and 28% of governmental operating expenses for the years ended June 30, 2008 and 2007, respectively.

GOVERNMENTAL FUNCTIONAL EXPENSES

The total function of the Sheriff's office is public safety activities. Depreciation of office equipment, vehicles, buildings and all other capital assets for the years ended June 30, 2008 and 2007 was \$1,822,995 (2.7% of total expenses) and \$1,811,110 (3.1% of total expenses), respectively

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 \$23,660,870 and \$22,705,761 at June 30, 2008 and 2007, respectively. The reserved fund balance for inventory was \$0 and \$22,888 for the years ended June 30, 2008 and 2007, respectively. The unreserved, undesignated fund balances were \$23,660,870, \$22,682,874, and \$19,482,855 at June 30, 2008, 2007, and 2006, respectively.

The unreserved, undesignated fund balances increased by \$977,996 and \$3,200,019 from the previous year for the years ended June 30, 2008 and 2007, respectively.

Major Governmental Funds

The General Fund is the Sheriff's primary operating fund. Total General Fund revenues increased by approximately \$7.2 million in the fiscal year 2008 from fiscal year 2007 and by approximately \$6.5 million in fiscal year 2007 from fiscal year 2006, with the most significant increases for fiscal year 2008 coming from a \$3.4 million increase in ad valorem taxes and a \$3.3 million increase in intergovernmental revenues; the most significant increase for fiscal year 2007 was a \$3.3 million increase in ad valorem tax revenue and a \$3.0 million increase in fees, charges and commissions for services. Total expenditures in the General Fund increased from the previous fiscal year by \$9.7 million and by \$4.7 million in the years ended June 30, 2008 and 2007, respectively. The most significant increases in expenditures for the year ended June 30, 2008 were in personnel services and related benefits (\$3.8 million), materials and supplies (\$1.8 million), and in capital outlay (\$2.9 million), and the most significant increases in expenditures for the year ended June 30, 2007 were in materials and supplies (\$2.9 million) and in personnel services and related benefits (\$0.9 million). Total revenues for the General Fund exceeded total expenditures by \$0.7 million for the year ended June 30, 2008, and by \$3.2 million for the year ended June 30, 2007, resulting in ending fund balances of \$23.3 million and \$22.5 million, respectively.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

Budgetary Highlights

The General Fund — The original budget for the General Fund included anticipated revenues of approximately \$63.6 million and \$56.7 million for the years ended June 30, 2008 and 2007, respectively, an increase of approximately \$6.9 million and \$3.0 million for these years from the prior year. For the fiscal year ended June 30, 2008, the budget was amended to reflect increases in various revenue accounts totaling approximately \$1.5 million; however, the total actual revenues of \$67.5 million, as reported in the General Fund, exceeded the amended budget by approximately \$2.5 million.

The original budget for the General Fund included anticipated expenditures of approximately \$65.8 million and \$58.7 million for the years ended June 30, 2008 and 2007, an increase of approximately \$9.6 million and \$2.8 million for these years from the prior year. For the year ended June 30, 2008, the budget was amended to reflect a decrease of approximately \$0.9 million in anticipated expenditures, most significantly in the areas of personnel services and related benefits and capital outlay; however, the total actual expenditures of \$66.9 million was approximately \$1.8 million more than total anticipated expenditures of \$65.3 million on the amended budget.

The Prison Canteen Special Revenue Fund — There were no significant differences between the original and final budget.

Capital Assets and Debt Administration

Capital assets

The Sheriff's investment in capital assets was \$7,719,602, net of accumulated depreciation of \$12,370,945 at June 30, 2008 and \$5,359,574, net of accumulated depreciation of \$11,737,484 at June 30, 2007. Under the Sheriff's capitalization policy, assets with a cost of \$5,000 or more are capitalized for purposes of financial reporting. All assets with a cost of \$500 or more, as well as certain assets with a cost of less than \$500, are inventoried and tracked. See Note 3 for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

The following table provides a summary of capital asset categories.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

Capital Assets:

	<u>Governmental Activities</u>	
	<u>6/30/2008</u>	<u>6/30/2007</u>
Land	\$ 43,560	\$ 43,560
Buildings	2,007,825	2,073,426
Vehicles	2,722,801	2,387,161
Office furniture & equipment	339,624	418,942
Law enforcement equipment	241,116	249,488
Telecommunications equipment	<u>2,364,676</u>	<u>186,997</u>
Total depreciable assets	<u>\$ 7,719,602</u>	<u>\$ 5,359,574</u>

At June 30, 2008 and 2007, respectively, the depreciable capital assets for governmental activities were 62% and 69% depreciated.

Long-term debt/liabilities

The Sheriff had no long-term debt for the fiscal years ended June 30, 2008 and 2007. Long-term liabilities consisted solely of compensated absences balances owed to employees; the aggregate balance of which remained consistent for both years.

Contacting the Sheriff's Financial Management

This financial report is designed to provide a general overview of the Sheriff's finances, comply with laws and regulations related to finance, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Sheriff's Office, Stephen Hymel, Chief Civil Deputy, at (225) 389-4929 or email at shymel@ebrso.org.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF NET ASSETS
June 30, 2008

ASSETS

Cash	\$ 20,886,980
Cash restricted	1,219,379
Receivables	2,610,195
Due from other funds	1,387,539
Other	221,880
Capital assets:	
Land	43,560
Depreciable assets, net	<u>7,676,042</u>
Total assets	<u>34,045,575</u>

LIABILITIES

Accounts payable and accrued liabilities	1,620,008
Payroll taxes payable and withholdings	325,103
Due to others	711,142
Reserve deputy - equipment deposits	8,850
Long-term liabilities:	
Compensated absences payable	<u>3,293,760</u>
Total liabilities	<u>5,958,863</u>

NET ASSETS

Invested in capital assets	7,719,602
Restricted	756,103
Unrestricted	<u>19,611,007</u>
Total net assets	<u>\$ 28,086,712</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
JUNE 30, 2008

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities	<u>Expenses</u>				
Public Safety	<u>\$ 65,164,093</u>	<u>17,719,414</u>	<u>870,917</u>	<u>1,697,396</u>	<u>\$ (44,876,366)</u>
General revenues:					
Ad valorem taxes					42,834,546
State funds not restricted to specific programs					3,651,778
Interest income					937,737
Gain on sale of fixed assets					65,627
Miscellaneous					<u>640,547</u>
Total general revenues					<u>48,130,235</u>
Change in net assets					3,253,869
Net assets - beginning					<u>24,832,843</u>
Net assets - ending					<u>\$ 28,086,712</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF**Baton Rouge, Louisiana****BALANCE SHEET - GOVERNMENTAL FUNDS****JUNE 30, 2008**

	<u>General Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 20,574,596	\$ 312,384	\$ 20,886,980
Cash restricted	1,219,379	-	1,219,379
Receivables	2,610,195	-	2,610,195
Due from other funds	1,342,228	90,166	1,432,394
Other	204,148	17,732	221,880
Total assets	<u>25,950,546</u>	<u>420,282</u>	<u>26,370,828</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	1,582,584	37,424	1,620,008
Payroll taxes payable and withholdings	325,103	-	325,103
Due to others	711,142	-	711,142
Due to other funds	44,855	-	44,855
Reserve deputy - equipment deposits	8,850	-	8,850
Total liabilities	<u>2,672,534</u>	<u>37,424</u>	<u>2,709,958</u>
<u>FUND BALANCE</u>			
Unreserved-undesignated	<u>23,278,012</u>	<u>382,858</u>	<u>23,660,870</u>
Total fund balances	<u>23,278,012</u>	<u>382,858</u>	<u>23,660,870</u>
 Total liabilities and fund balances	 <u>\$ 25,950,546</u>	 <u>\$ 420,282</u>	 <u>\$ 26,370,828</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total Fund Balances for governmental funds at June 30, 2008	\$ 23,660,870
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Total Net Assets reported for governmental activities in the Statement of Net Assets
is different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Total capitalized cost net of \$12,370,945 accumulated depreciation.	7,719,602
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Long-term liabilities at June 30, 2008: Compensated absences payable	<u>(3,293,760)</u>
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Total Net Assets of governmental activities at June 30, 2008	<u><u>\$ 28,086,712</u></u>
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The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF**Baton Rouge, Louisiana****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

<u>REVENUES</u>	<u>General Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 42,834,546	\$ -	\$ 42,834,546
Intergovernmental revenues:			
Federal grants	2,497,004	-	2,497,004
State grants	71,309	-	71,309
State supplemental pay	2,937,345	-	2,937,345
State revenue sharing	714,433	-	714,433
Fees, charges, and commissions for services:			
Civil and criminal fees	6,023,798	-	6,023,798
Court attendance	143,072	-	143,072
Transporting prisoners	274,782	-	274,782
Feeding and keeping prisoners	7,295,904	-	7,295,904
Sales of merchandise	-	854,588	854,588
Fines and forfeitures	232,973	-	232,973
Other	2,894,297	-	2,894,297
Interest income	931,155	6,582	937,737
Miscellaneous	640,545	-	640,545
Total Revenues	<u>67,491,163</u>	<u>861,170</u>	<u>68,352,333</u>
<u>EXPENDITURES</u>			
Public safety:			
Personnel services and related benefits	45,484,747	-	45,484,747
Operating services	7,592,509	224,822	7,817,331
Materials and supplies	8,866,324	371,264	9,237,588
Transporting and other charges	1,037,045	38,175	1,075,220
Capital outlay	3,931,048	-	3,931,048
Total Expenditures	<u>66,911,673</u>	<u>634,261</u>	<u>67,545,934</u>
EXCESS OF REVENUES OVER EXPENDITURES	579,490	226,909	806,399
Other financing sources:			
Sale of fixed assets	148,710	-	148,710
Total other financing sources	<u>148,710</u>	<u>-</u>	<u>148,710</u>
Net change in fund balance	728,200	226,909	955,109
FUND BALANCE AT BEGINNING OF YEAR	<u>22,549,812</u>	<u>155,949</u>	<u>22,705,761</u>
FUND BALANCE AT END OF YEAR	<u>\$ 23,278,012</u>	<u>\$ 382,858</u>	<u>\$ 23,660,870</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Total Net Changes in Fund Balance for year ended June 30, 2008, per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 955,109
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The change in net assets reported for governmental activities in the Statement of Activities is 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 and reported as depreciation expense.

Capital outlay	4,266,104	
Depreciation expense	<u>(1,822,995)</u>	2,443,109
Excess of compensated absences earned over compensated absences used		(61,268)
Disposal of fixed assets, net		<u>(83,081)</u>
Total changes in Net Assets, for year ended June 30, 2008, per Statement of Activities		<u>\$ 3,253,869</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2008

ASSETS

Cash and cash equivalents	\$ 24,218,965
Receivables	54,145
Total Assets	<u>24,273,110</u>

LIABILITIES

Balance due to taxing bodies, prisoners and others	<u>24,273,110</u>
Total Liabilities	<u>\$ 24,273,110</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The accompanying financial statements of the Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GOVERNMENT-WIDE STATEMENTS:

The statement of net assets and the statement of activities display information about the primary government (the Sheriff). They include all funds of the reporting entity, which are considered to be governmental activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function 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 are derived directly from fees and charges paid by the recipient of services offered by the Sheriff and 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.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

FUND FINANCIAL STATEMENTS:

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds.

The Sheriff reports the following major governmental fund:

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 a majority of the operations of the Sheriff's Office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

The Sheriff reports the following fund type:

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, ad-valorem taxes collected, fees, and evidence seized, prisoner deposits, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, detainees, 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.

B. REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Sheriff includes all funds, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's Office that are paid or provided by the city-parish council as required by Louisiana law, the sheriff is financially independent. As required by generally accepted accounting principles, the financial statements of the reporting entity include only those of the East Baton Rouge Parish Sheriff (the primary government). There are no component units to be included in the Sheriff's reporting entity.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The Governmental Wide Financial Statements (GWFS) and fiduciary fund statements are reported using the economic resources measurement focus. The government wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

All governmental activities of the Sheriff follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2008, was made available for public inspection and comments from taxpayers at the sheriff's office on June 12, 2007. A public hearing was held on the proposed budget at least 10 days after publications of the call of the hearing. The proposed budget was published in the official journal ten days prior to the public hearing, which was held at the Sheriff's Office on June 26, 2007, for the comments from taxpayers. The budget was legally adopted and amended, as necessary, by the sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Under state law, the sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Under state law, the sheriff may invest in United States bonds, treasury notes, U.S. Agency obligations or investment grade commercial paper. These are classified as investments if their original maturity exceeds 90 days.

F. CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated fixed assets are recorded as capital assets at their fair value at the date of donation. The Sheriff maintains a threshold level of \$5,000 or more for capitalizing assets. All assets with a cost of \$500 or more, as well as certain other assets with a cost of less than \$500 are inventoried and tracked. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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 no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Vehicles	5
Computer Software	5
Office Furniture and Equipment	5-15
Law Enforcement Equipment	5-10
Telecommunications Equipment	5

G. COMPENSATED ABSENCES

Employees of the Sheriff's Office earn from 16 to 22 hours of paid time off (PTO) every 28 days of uninterrupted full-time employment. Maximum accrual of PTO is 208 to 286 hours, depending upon length of service. Hours of PTO accumulated in excess of the limits are transferred into an extended sick leave bank. The maximum accrual of extended sick leave is 2,184 hours. Upon termination of employment, employees are paid for accrued PTO. All accumulated extended sick leave lapses upon termination of employment.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. COMPENSATED ABSENCES (continued)

Non-law enforcement employees receive overtime compensation for compensable hours worked in excess of 171 hours in a 28-day work period. Exempt employees are not compensated for overtime. As a condition of employment with the Sheriff's Office, nonexempt employees receive compensatory time (CT), at the rate of time and a half, in lieu of immediate cash payment for overtime. CT is time off with full pay and benefits (insurance, pension, and accrual of PTO). A maximum of 480 hours of CT may be accumulated for law enforcement personnel. A maximum of 240 hours of CT may be accumulated by non-law enforcement personnel. Cash payment will be made for any CT in excess of the maximum accumulation allowed, and for all CT balances upon separation from employment.

The compensated absences plan assets, including PTO and CT, remain the property of the Sheriff's Office until paid or made available to participants, subject only to the claims of the employer's general creditors. The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken or paid upon termination. The cost of leave privileges not requiring current resources is reported as a liability in the Statement of Net Assets.

H. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designation of fund balance represents tentative management plans that are subject to change.

I. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. LEVIED TAXES

The following is a summary of authorized and levied property taxes:

	<u>Authorized</u> <u>Millage</u>	<u>Levied</u> <u>Millage</u>	<u>Expiration</u> <u>Date</u>
Special law enforcement	4.36	4.36	None
Additional special law enforcement	3.73	3.73	12/31/2010
Additional special law enforcement	6.90	6.90	12/31/2013

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2008, are as follows:

Governmental activities:

<u>Asset Class</u>	<u>Balance at 6/30/2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 6/30/2008</u>
Cost				
Land	\$ 43,560	\$ -	\$ -	\$ 43,560
Buildings	2,622,168	-	-	2,622,168
Vehicles	9,977,344	1,891,267	(1,272,615)	10,595,996
Office Furniture and Equipment	2,343,341	72,850	-	2,416,191
Law Enforcement Equipment	533,704	38,794	-	572,498
Telecommunications Equipment	1,576,941	2,263,193	-	3,840,134
	<u>17,097,058</u>	<u>4,266,104</u>	<u>(1,272,615)</u>	<u>20,090,547</u>
Accumulated Depreciation	<u>(11,737,484)</u>	<u>(1,822,995)</u>	<u>1,189,534</u>	<u>(12,370,945)</u>
Total Capital Assets	<u>\$ 5,359,574</u>	<u>\$ 2,443,109</u>	<u>\$ (83,081)</u>	<u>\$ 7,719,602</u>

For the year ended June 30, 2008, depreciation expense was \$1,822,995.

4. CASH AND CASH EQUIVALENTS

At June 30, 2008, the Sheriff has cash and cash equivalents consisting solely of deposits in financial institutions. 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.

Custodial credit risk is the risk that an entity may fail to receive its deposits upon failure of a financial institution. To protect against such risks, the market values of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2008, the deposits are adequately secured from risk by 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 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.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

5. RECEIVABLES

Receivables at June 30, 2008 are as follows:

Class of Receivable

Feeding, keeping and transporting prisoners	\$ 1,579,132
Other fees, charges and commissions	1,192,116
Reserve for uncollectable accounts	<u>(161,053)</u>
	<u>\$ 2,610,195</u>

6. RESTRICTED ASSETS

Restricted cash of \$1,219,379 represents funds received from grants, narcotic seizures, litigation settlements, evidence cash received or found and amounts received under ACT 942. These amounts are held in these accounts until disbursements are properly authorized.

7. PENSION PLAN

Plan Description. Substantially all employees of the 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 are found to be physically fit, who earn at least \$400 per month if employed prior to January 1, 1991, and not less than \$800 if employed subsequent to December 30, 1990, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire after age 55 with at least twelve 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 member shall be paid a monthly sum equal to 3 1/3 percent of the member's average monthly salary for the 36 highest successive months of employment, or the highest 36 successive joined months of employment where interruption of service occurred, multiplied by the number of years creditable service in the fund. In any case, the retirement benefit cannot exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least twelve 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 by state statute.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

7. 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, 1225 Nicholson Dr., Baton Rouge, LA 70802, or by calling (225)219-0500.

Funding Policy. Plan members are required by state statute to contribute 10.00 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 11.00 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 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 Sheriff's contributions to the System, for the years ending June 30, 2008, 2007, and 2006, were \$3,706,022, \$3,463,369, and \$3,355,838, respectively.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Sheriff provides certain continuing health care, life and dental insurance benefits for its retired employees. Substantially all of the Sheriff's employees qualify for those benefits if they reach their eligible retirement age while working for the Sheriff. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the retirees and subsidized by the Sheriff. There were 157 retired employees receiving benefits at June 30, 2008. The Sheriff's costs of subsidizing health care, life and dental insurance benefits are recognized as expenditures when the monthly premiums are paid. During the year, healthcare, life and dental benefit premiums totaled \$88,955, which represents the Sheriff's portion.

In June 2004, GASB issued a new accounting pronouncement, Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the accrual of postemployment benefits for retired employees. The Sheriff is required to implement this standard for the fiscal year ending June 30, 2009.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

9. CHANGES IN AGENCY FUND BALANCES

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

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
Balance at Beginning of year	\$ 4,899,119	\$ 220,840	\$ 13,827,030	\$ 436,598	\$ 19,383,587
Additions	21,980,755	2,094,494	364,279,917	535,592	388,890,758
Reductions	<u>(21,833,849)</u>	<u>(2,072,672)</u>	<u>(359,535,029)</u>	<u>(559,685)</u>	<u>(384,001,235)</u>
Balance at End of year	<u>\$ 5,046,025</u>	<u>\$ 242,662</u>	<u>\$ 18,571,918</u>	<u>\$ 412,505</u>	<u>\$ 24,273,110</u>

10. TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2008, were \$5,547,976, consisting of \$4,955,263 of taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$625,656. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

11. LITIGATION AND CLAIMS

At June 30, 2008, the Sheriff was a defendant in multiple lawsuits. Those lawsuits with a reasonable possibility of an unfavorable outcome expose the Sheriff to losses ranging from approximately \$587,000 to \$655,000. These losses have not been accrued in the accompanying financial statements. Based upon the opinion of the Sheriff's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the Sheriff.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

12. LONG -TERM OBLIGATIONS

At June 30, 2008, employees of the Sheriff have accumulated and vested \$3,293,760 of employee leave benefits, which was computed in accordance with GASB Classification Section C60.

The following is a summary of long-term obligation transactions during the year:

	<u>Compensated Absences</u>
Balance, July 1, 2007	\$ 3,232,492
Additions	3,855,391
Deductions	<u>(3,794,123)</u>
Balance, June 30, 2008	<u>\$ 3,293,760</u>

13. INTERFUND TRANSACTIONS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,342,228	\$ 44,855
Prison Canteen Fund	90,166	-
Agency Funds	<u>-</u>	<u>1,387,539</u>
	<u>\$ 1,432,394</u>	<u>\$ 1,432,394</u>

14. SUBSEQUENT EVENTS

On October 14, 2008, the Sheriff issued a Revenue Anticipation Note in the amount of \$5,500,000. The proceeds are to fund costs of current operations through December 31, 2008. The note is secured by and payable from a pledge of all revenues accruing to the Sheriff through December 31, 2008. The note, bearing interest at 2.99%, matures March 1, 2009.

REQUIRED
SUPPLEMENTAL INFORMATION

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	Budget			Variance with Final
	Original	Final	Actual	Budget Positive(Negative)
<u>REVENUES</u>				
Ad valorem taxes	\$ 41,880,000	\$ 42,570,000	\$ 42,834,546	\$ 264,546
Licenses and permits	775,000	-	-	-
Intergovernmental revenues:				
Federal grants	1,669,980	810,406	2,497,004	1,686,598
State grants	87,500	87,500	71,309	(16,191)
State supplemental pay	2,100,000	2,946,000	2,937,345	(8,655)
State revenue sharing	681,000	714,400	714,433	33
Fees, charges, and commissions for services:				
Civil and criminal fees	5,237,650	5,604,500	6,023,798	419,298
Court attendance	140,000	142,500	143,072	572
Transporting prisoners	210,000	280,000	274,782	(5,218)
Feeding and keeping prisoners	5,930,000	7,448,300	7,295,904	(152,396)
Sales of merchandise	-	-	-	-
Fines and forfeitures	191,000	223,000	232,973	9,973
Other	3,153,990	3,004,470	2,894,297	(110,173)
Interest income	1,100,000	850,000	931,155	81,155
Miscellaneous	464,100	543,675	640,545	96,870
Total Revenues	63,620,220	65,224,751	67,491,163	2,266,412
<u>EXPENDITURES</u>				
Public safety:				
Personnel services and related benefits	47,208,745	45,578,780	45,484,747	94,033
Operating services	7,192,540	7,666,170	7,592,509	73,661
Material and supplies	7,381,600	8,546,200	8,866,324	(320,124)
Travel and other charges	1,042,600	1,443,300	1,037,045	406,255
Capital outlay	3,000,000	2,090,945	3,931,048	(1,840,103)
Total Expenditures	65,825,485	65,325,395	66,911,673	(1,586,278)
EXCESS OF REVENUES OVER EXPENDITURES	(2,205,265)	(100,644)	579,490	680,134
Other financing sources:				
Sale of fixed assets	90,000	134,000	148,710	14,710
Total other financing sources	90,000	134,000	148,710	14,710
NET CHANGE IN FUND BALANCE	(2,115,265)	33,356	728,200	694,844
FUND BALANCE AT BEGINNING OF YEAR	15,532,465	22,549,812	22,549,812	-
FUND BALANCE AT END OF YEAR	\$ 13,417,200	\$ 22,583,168	\$ 23,278,012	\$ 694,844

EAST BATON ROUGE PARISH SHERIFF

Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND - PRISON CANTEEN FUND

YEAR ENDED JUNE 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales of merchandise	\$700,000	\$840,000	\$ 854,588	\$ 14,588
Interest Income	7,500	6,000	6,582	582
Total Revenues	707,500	846,000	861,170	15,170
<u>EXPENDITURES</u>				
Public safety:				
Personnel services and related benefits	-	-	-	-
Operating services	376,500	376,100	224,822	151,278
Material and supplies	314,500	402,900	371,264	31,636
Transporting and other charges	33,500	37,775	38,175	(400)
Total Expenditures	724,500	816,775	634,261	182,514
EXCESS OF REVENUES OVER EXPENDITURE:	(17,000)	29,225	226,909	197,684
FUND BALANCE AT BEGINNING OF YEAR	130,984	155,949	155,949	-
FUND BALANCE AT END OF YEAR	<u>\$113,984</u>	<u>\$185,174</u>	<u>\$ 382,858</u>	<u>\$ 197,684</u>

OTHER SUPPLEMENTARY INFORMATION

EAST BATON ROUGE PARISH SHERIFF

Baton Rouge, Louisiana

GENERAL DESCRIPTIONS

AGENCY FUNDS

June 30, 2008

SHERIFF'S FUND

The Sheriff's Fund accounts for funds held in civil suits, sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

PRISON INMATE FUND

This fund accounts for deposits made by and for the inmates and for authorized withdrawals.

TAX COLLECTOR AGENCY 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 accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

EVIDENCE FUND

All United States currency received by the evidence section, whether considered evidence, seized funds, or found property, is to be deposited into the Evidence Fund, and maintained by the Sheriff. All found property is to be returned to its rightful owner as soon as possible after obtaining the proper release. Other money that can be specifically identified to a third party can be released upon obtaining the proper authorization and release forms.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS
JUNE 30, 2008

	Sheriff's Fund	Prison Inmate Fund	Tax Collector Fund	Evidence Fund	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,994,864	\$ 242,352	\$ 18,569,244	\$ 412,505	\$ 24,218,965
Receivables	51,161	310	2,674	-	54,145
Total assets	<u>\$ 5,046,025</u>	<u>\$ 242,662</u>	<u>\$ 18,571,918</u>	<u>\$ 412,505</u>	<u>\$ 24,273,110</u>
<u>LIABILITIES</u>					
Due to other funds	\$ -	\$ 45,176	\$ 1,342,363	\$ -	\$ 1,387,539
Due to E.M.S.	-	67,738	-	-	67,738
Due to taxing bodies and others:					-
Due to taxing bodies	-	-	11,681,579	-	11,681,579
Due to others	5,046,025	129,748	-	412,505	5,588,278
Protested taxes	-	-	5,547,976	-	5,547,976
Total due to taxing bodies and others	<u>5,046,025</u>	<u>129,748</u>	<u>17,229,555</u>	<u>412,505</u>	<u>22,817,833</u>
Total Liabilities	<u>\$ 5,046,025</u>	<u>\$ 242,662</u>	<u>\$ 18,571,918</u>	<u>\$ 412,505</u>	<u>\$ 24,273,110</u>

EAST BATON ROUGE PARISH SHERIFF**Baton Rouge, Louisiana****COMBINING SCHEDULE OF CHANGES IN**
AMOUNT DUE TAXING BODIES AND OTHERS - ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

	Sheriff's Fund	Prison Inmate Fund	Tax Collector Fund	Evidence Fund	Total
<u>AMOUNTS DUE TAXING BODIES</u>					
<u>AND OTHERS JUNE 30, 2007</u>	<u>\$ 4,899,119</u>	<u>\$ 220,840</u>	<u>\$ 13,827,030</u>	<u>\$ 436,598</u>	<u>\$ 19,383,587</u>
<u>ADDITIONS</u>					
Deposits:					
Suits, successions, etc.	17,629,365	-	-	-	17,629,365
Garnishments	3,688,197	-	-	-	3,688,197
Bonds	663,193	-	-	-	663,193
Taxes, fees, etc. paid to tax collector	-	-	362,576,745	-	362,576,745
Interest on investments	-	-	1,703,172	-	1,703,172
Other Additions					
Prisoner deposits	-	2,094,494	-	-	2,094,494
Donations	-	-	-	-	-
Evidence cash received	-	-	-	535,592	535,592
Total additions	<u>21,980,755</u>	<u>2,094,494</u>	<u>364,279,917</u>	<u>535,592</u>	<u>388,890,758</u>
<u>REDUCTIONS</u>					
Taxes, fees, etc. distributed					
to taxing bodies and others	-	-	359,535,029	-	359,535,029
Payments to litigants, etc.	15,094,897	-	-	-	15,094,897
Fees to sheriff's General Fund	5,649,296	-	-	-	5,649,296
Bond forfeitures	396,700	-	-	-	396,700
Cash bond refunds	692,956	-	-	-	692,956
Refunds to released inmates and					
prisoner program disbursements	-	2,072,672	-	-	2,072,672
Authorized program disbursements	-	-	-	559,685	559,685
Total reductions	<u>21,833,849</u>	<u>2,072,672</u>	<u>359,535,029</u>	<u>559,685</u>	<u>384,001,235</u>
Change in amounts due taxing bodies and other	<u>146,906</u>	<u>21,822</u>	<u>4,744,888</u>	<u>(24,093)</u>	<u>4,889,523</u>
<u>AMOUNTS DUE TAXING BODIES</u>					
<u>AND OTHERS JUNE 30, 2008</u>	<u>\$ 5,046,025</u>	<u>\$ 242,662</u>	<u>\$ 18,571,918</u>	<u>\$ 412,505</u>	<u>\$ 24,273,110</u>

**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***

Honorable Sid J Gautreaux, III
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2008, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2008-1, 2008-2, 2008-3 and 2008-4 to be significant deficiencies.

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 entity's internal control. We did not consider the deficiencies described in items 2008-1, 2008-2, 2008-3 and 2008-4 to be material weaknesses.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

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

This report is intended for the information of the Sheriff, management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pastlethwaite + Netterville

Baton Rouge, Louisiana
December 16, 2008

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

Honorable Sid J Gautreaux, III
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the East Baton Rouge Parish Sheriff with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The East Baton Rouge Parish Sheriff's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the East Baton Rouge Parish Sheriff's management. Our responsibility is to express an opinion on the East Baton Rouge Parish Sheriff's compliance based on our audit.

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

In our opinion the East Baton Rouge Parish Sheriff complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the East Baton Rouge Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the East Baton Rouge Parish Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Sheriff's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of East Baton Rouge Parish Sheriff as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the East Baton Rouge Parish Sheriff's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in that audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the East Baton Rouge Parish Sheriff, management, federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 16, 2008

East Baton Rouge Parish Sheriff
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<u>United States Department of Justice</u>			
<i>Office of Justice Programs:</i>			
Justice Assistance Grant 2005	16.579	2005-DJ-BX-0849	\$ 8,633
Justice Assistance Grant 2006	16.579	2006-DJ-BX-0671	131,142
Justice Assistance Grant 2007	16.579	2007-DJ-BX-0939	360,527
COPS Interoperable Communications Technology (1)	16.710	2005-INNX-007	1,697,396
 <i>Louisiana Commission on Law Enforcement and Administration of Criminal Justice:</i>			
Electronic Equipment	NA	P07-5-022	852
Child Advocacy Center	16.575	C05-8-013	6,279
Child Advocacy Center	16.575	C06-5-004	19,026
Crime Victims Unit	16.320	C07-5-003	22,540
LHSC 2007	20.600	PT 07-13-00	16,716
LHSC 2008	20.600	PT 08-21-00	2,080
NCVRW Cap Project	16.582	08-010	3,111
Total United States Department of Justice			2,268,302
 <u>United States Department of Homeland Security</u>			
Law Enforcement Terrorism Prevention 2006	97.067	X06-5-014	46,657
Law Enforcement Terrorism Prevention 2007	97.067	X07-5-014	34,138
Buffer Zone Protection Program 2006	97.067	2006-BZ-T6-0026	173,527
Total United States Department of Homeland Security			254,322
Total Expenditures			<u>\$ 2,522,624</u>

(1) - Passed through the City-Parish Government of East Baton Rouge, Louisiana

EAST BATON ROUGE PARISH SHERIFF

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the East Baton Rouge Parish Sheriff and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – MATCHING COSTS

The Sheriff contributed matching costs of \$565,798 toward the activities of the COPS grant program, CFDA 16.710.

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ x yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ yes x no

Identification of major programs:

CFDA Numbers

16 710

Name of Federal Program or Cluster

COPS Interoperable Communications Technology

The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.

The East Baton Rouge Parish Sheriff was determined to be a low-risk auditee.

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

B. Findings – Financial Statement Audit

2008-1 Reconciliations of bank statements to the general ledger

Criteria:

To ensure accurate financial reporting and to provide a process for detection of improper cash activity, bank reconciliations should be performed monthly for each bank account. Each bank account reconciliation should accurately portray the difference between the bank account and the general ledger as of month-end. Errors or omissions detected during the reconciliation process should be adjusted to the general ledger.

Condition:

We observed that the bank accounts included in the Sheriff's Fund were not reconciled on a timely basis during the year. Furthermore, certain other bank reconciliations, while prepared timely, did not agree to the general ledger.

Effect:

Absent a process of preparing accurate reconciliations on a regular basis, the general ledger, and thus financial reports may be inaccurate and an important monitoring process of cash activity does not occur.

Cause:

This condition appears to be the result of staffing turnover in the office, combined with the lack of supervisory review of the reconciliations.

Recommendation:

We recommend that all bank accounts be reconciled to the general ledger on a monthly basis and that they be reviewed by the comptroller. Evidence of that review should be documented through signature.

Management's Response and Corrective Plan:

This finding is the result of the high turnover in accounting positions over the past two years. The Sheriff currently employs one certified public accountant in the finance department, down from four two years ago

The Sheriff has retained the services of a CPA firm to assist with accounting functions.

Effective immediately, the Finance Department and Budget Coordinator will be placed in charge of monitoring the timely preparation of bank reconciliations and will present all bank reconciliations to the Comptroller for review and signature.

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

2008-2 Capital Assets and Inventoried Equipment

Criteria:

Capital assets and certain inventoried equipment should be physically inventoried at least once every two years. Such an inventory helps assure that capital asset and equipment records are complete and accurate. Additionally, a physical inventory count can detect possible fraud or misuse of assets.

Condition:

The Sheriff's Office has not taken a physical inventory in the past two years. A count is only performed at the discretion of the purchasing manager who has been assigned the responsibility of property control. This condition may have contributed to the theft of computer equipment by a former IT department employee (this theft was detected internally by the Sheriff's office staff and reported to the Legislative Auditor in accordance with LA RS 24:523).

Effect:

Without the comparison of capital asset and inventory records to physical counts, such records may not reflect actual inventory on-hand and an opportunity to detect inappropriate use of assets is foregone.

Recommendation:

We recommend that fixed asset inventories be conducted no less than bi-annually, but preferably on an annual basis. Also, as an additional control to ensure the completeness of the capital asset records, all capital and equipment expenditures should be reconciled to the additions in the capital assets schedule and equipment inventory records.

Management's Response and Corrective Plan:

A plan to conduct an office-wide annual fixed asset inventory is being formulated. Implementation of this plan will begin in the near future. Also, the Finance department will provide the Purchasing Agent with a listing of all year-to-date capital expenditures so that these can be reconciled to the fixed asset software listing.

2008-3 Receivables

Criteria:

Aged receivables carried on the balance sheet should be reviewed for collectability and devalued based upon the prospects for collection. Such a review should occur at least quarterly.

Condition:

The review of the receivables was only conducted at year-end.

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

2008-3 Receivables (continued)

Effect:

Interim financial statements may not accurately reflect losses in revenue due to past-due or slow-paying receivables.

Recommendation:

The receivable ledger should be reviewed quarterly and aged receivables should be objectively valued based upon prospects for collection. Additionally, this review process should prompt further collection efforts.

Management's Response and Corrective Action Plan:

Effective immediately, the Comptroller will review receivables quarterly and will take action on collection or devaluation of delinquent receivables.

2008-4 Case account reconciliation to general ledger

Criteria:

The Sheriff's Office acts in a fiduciary capacity over funds collected on behalf of others, including funds involving property sales from seizures, cash bonds posted for prison detainees, garnishments and prison inmate deposits. To ensure accuracy of the general ledgers for the funds accounting for each of these types of collections, and to provide for a means of monitoring the activity in those funds, the underlying cases or inmate balances should be reconciled to the general ledger on a monthly basis.

Condition:

The aforementioned reconciliations occurred only at year end.

Effect:

Amounts reported in interim financial reports may be inaccurate. Additionally, inappropriate activity, including fraud, might occur and go undetected.

Cause:

Staff turnover appears to be a contributing factor to this condition. Additionally, the Sheriff utilizes five separate applications to account for the fiduciary funds. This causes the process to be unduly cumbersome and limits the reconciliation process to those who are familiar with each respective application.

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

2008-4 Case account reconciliation to general ledger (continued)

Recommendation:

The general ledger of the fiduciary funds should be reconciled to the listing of individual case balances on a monthly basis. The Sheriff may wish to consider consolidating the accounting for all fiduciary activity into one software product or group of products.

Management's Response and Corrective Action Plan:

The Chief Civil Deputy is currently evaluating computer software for the Civil Division, including new computer software for the Civil Fund. This will unite all Civil Fund data onto one system, which will facilitate the reconciliation of individual case balances to the Civil Fund as a whole.

C. Findings and Questioned Costs – Major Federal Award Programs

None noted

EAST BATON ROUGE PARISH SHERIFF
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings – Financial Statement Audit

None noted

Findings and Questioned Costs – Major Federal Award Programs

None noted