3101

ANNUAL FINANCIAL REPORT

ORLEANS PARISH SHERIFF'S OFFICE

NEW ORLEANS, LOUISIANA

FOR THE YEAR ENDED

DECEMBER 31, 2011

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

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TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

P&N Postlethwaite & Netterville
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Independent Auditors' Report

The Honorable Marlin N. Gusman
Orleans Parish Sheriff's Office
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2011, which collectively comprise the Office's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Office'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, on our consideration of the Office'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 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 17 and 63 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements as a whole. The combining and individual nonmajor fund financial statements, and comparative financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Office. The combining and individual nonmajor fund financial statements, comparative financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

New Orleans, Louisiana
June 28, 2012

P&N

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2011

Management's discussion and analysis of the Orleans Parish Sheriff's Office's (the Office) financial performance provides a narrative overview and analysis of the Office's financial activities for the year ended December 31, 2011. This discussion and analysis focuses on the current year's ending balances, activities, and resulting changes in comparison with the prior year's information. The Office's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Pursuant to Act No. 621 of the 2006 Louisiana Legislature, the offices of the Orleans Parish Civil Sheriff and the Orleans Parish Criminal Sheriff were combined May 3, 2010. Louisiana Revised Stature 33:1500 states there shall be one Sheriff of the parish of Orleans effective the first Monday in May 2010 following the election. The offices of the Orleans Civil and Criminal Sheriffs will be consolidated and the separate offices shall be abolished. The Sheriff shall have and shall exercise all powers, duties, and functions of the Civil Sheriff and the Criminal Sheriff of the parish of Orleans. The accompanying 2011 financial statements include twelve months of the combined operations of the former Orleans Parish Criminal Sheriff's Office and the former Orleans Parish Civil Sheriff. The 2010 comparative data is for the twelve months of operations of the former Orleans Parish Criminal Sheriff's Office and eight months (starting May 3, 2010) for the former Orleans Parish Civil Sheriff. Some amounts from 2010 have been reclassified to conform to the presentation of the 2011 financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

The assets of the Office exceeded its liabilities at December 31, 2011 by $159.8 million (presented as "net assets"). Restricted balances are comprised of the following: (1) capital assets, net of related debt, of $129.5 million, (2) assets for future intergovernmental transfers of $12.3 million, (3) assets restricted for debt service of $20.5 million, and (4) assets restricted for capital improvements, net of related unexpended debt proceeds of $1.6 million. There are no unrestricted net assets on a government-wide basis available for operations but a deficit of $4.2 million.

The Office's net assets at December 31, 2011 increased by $49.6 million, or a 45.1% increase over December 31, 2010. The increase in net assets was primarily due to FEMA grant revenues invested in capital assets.

Fund Level

At December 31, 2011, the Office implemented GASB Statement No. 54-*Fund Balance Reporting and Governmental Fund Type Definitions.* Under this new standard, fund balance categories have changed from prior years. At December 31, 2011, the Office's governmental funds reported combined ending fund balances of $71.0 million, a decrease of $2.5 million from the prior year. The General Fund's fund balance decreased by $1.5 million to a fund balance of $2.5 million. The Capital Projects Fund increased by $4.2 million to a fund balance of $48.0 million. The Debt Service Fund's fund balance decreased by $4.4 million to a total fund balance of $20.5 million.

The General Fund's unassigned fund balance decreased from $2.7 million to $1.1 million.

FINANCIAL HIGHLIGHTS-continued

Capital Assets

The Office continues with the reconstruction following Katrina's devastation and invested $65.0 million in capital additions primarily funded through FEMA funds.

Debt Administration

General Obligation Bonds (Series 2011) for capital improvements of $5.0 million with an interest rate of 2.97% were issued pursuant to the $63.2 million authorization of October 4, 2008 to issue general obligation bonds.

2001 General Obligation bonds of $7.5 million with interest rates ranging from 3.75% to 5% were retired early.

The FASB Codification for *Other Post-Employment Benefits*, requires the Office to account for the current costs of providing certain post-employment benefits to its retirees. An actuarial evaluation of the benefits disclosed an Unfunded OPEB Liability of $1 million at December 31, 2011. This amount is included in long-term debt. To date, the Office has chosen not to fund this liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Office's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements (accrual basis), (2) fund financial statements, and (3) notes to the basic financial statements. The Office also includes in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Office's annual report includes two *government-wide financial statements*. These *government-wide financial statements* are designed to provide readers with a broad overview of the Office's finances, in a manner similar to a private-sector business 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 statement of position presents information that includes all of the Office's assets and liabilities, with the difference reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Office as a whole is improving or deteriorating.

The second *government-wide statement* is the *Statement of Activities*, which reports how the Office's net assets changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. The primary purpose of these governmental activities is the custody of inmates and the serving of citations, summonses, subpoenas, notices and other processes for Civil and Criminal District Courts, the Courts of Appeals and the Supreme Court. The business-type activity is the commissary operations. The government-wide financial statements are presented on pages 18 and 19, Exhibits "A" and "B" of this report.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Office like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Office's most significant funds rather than the Office as a whole.

FUND FINANCIAL STATEMENTS

The Office's funds are classified into three categories: governmental funds, proprietary funds, and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass essentially the same function reported as governmental activities in the government-wide financial statements. However, the focus is on the near-term and may be useful in the evaluation of a government's near-term financing requirements. The focus is on inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide useful insight into the long-term impact of short-term financing decisions. Reconciliations, between these two prospectives, are provided to facilitate this comparison. The reconciliation between the governmental funds balance sheet and the statement of net assets is on page 21, Exhibit "D". The reconciliation between the governmental funds statement of revenues, expenditures and changes in fund balances, and the statement of activities is on page 24, Exhibit "F".

The basic governmental fund financial statements are presented on pages 20 and 22-23, Exhibits "C" and "E" of this report.

Proprietary funds are reported in the fund financial statements and report non-major enterprise funds (commissary operations and community service) and an internal service fund (a self-insurance fund). The basic proprietary fund financial statements are presented on pages 25-27, Exhibits "G", "H", and "I" of this report.

Fiduciary funds are reported in the fund financial statements and report a defined contribution employee pension plan, and agency funds including: individual prison inmate agency accounts and civil fiduciary accounts for assets held by the Sheriff as an agent for deposits held pending court action. Activities from fiduciary funds are not included in the government-wide financial statements because the Office cannot use these assets for its operations. The basic fiduciary fund financial statements are presented on pages 28 and 29, Exhibits "J" and "K" 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 30 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 Office's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and debt service fund. These schedules demonstrate compliance with the Office's adopted original and final revised budgets. Required supplemental information can be found on pages 63 and 64, Schedules "A-1" and "A-2" of this report. This report also includes as other supplementary information certain combining statements and statements with comparative data to prior years on pages 65-73. A single audit section, which includes a Schedule of Expenditures of Federal Awards, begins on page 74.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Summary of Net Assets					
	Governmental Activities		Business-type Activities		Primary Government Totals	
	2011	2010	2011	2010	2011	2010
Assets:						
Unrestriced current and other	$ 103,390,862	$ 91,117,637	$ 61,313	$ 61,313	$ 103,452,175	$ 91,178,950
Captial	146,772,304	97,134,505	-	-	146,772,304	97,134,505
Total	250,163,166	188,252,142	61,313	61,313	250,224,479	188,313,455
Liabilities:						
Current	35,914,799	18,928,739	-	-	35,914,799	18,928,739
Long-term	54,484,978	59,196,712	-	-	54,484,978	59,196,712
Total	90,399,777	78,125,451	-	-	90,399,777	78,125,451
Net Assets:						
Invested in capital assets, net of related debt	129,516,185	72,388,385	-	-	129,516,185	72,388,385
Restricted for:					-	-
Special revenue	-	768,197	-	-	-	768,197
Debt service	20,475,511	24,877,153	-	-	20,475,511	24,877,153
Capital Improvements	1,649,490	691,989	-	-	1,649,490	691,989
Intergovernmental transfers	12,318,966	12,529,354	-	-	12,318,966	12,529,354
Unrestricted	(4,196,763)	(1,128,387)	61,313	61,313	(4,135,450)	(1,067,074)
Total net assets	$ 159,763,389	$ 110,126,691	$ 61,313	$ 61,313	$ 159,824,702	$ 110,188,004

As noted above the net assets of the Office increased by 45.1% ($159.8 million compared to $110.2 million).

There were several significant changes in net assets. Investment in capital assets net of related debt increased from $72.4 million in 2010 to $129.5 million in 2011. This increase is primarily attributable to capital assets acquired with FEMA funds. There was also an early retirement of Series 2001 General Obligation bonds of $7.5 million. Unrestricted net assets decreased from a deficit of $1.1 to a deficit of $4.2 million. This decrease in unrestricted net assets is attributable to operational expenses exceeding revenues available to fund expenses. Unrestricted net assets (deficits) are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Prior year total net assets were not adjusted; however, approximately $ 8.5 million was moved from investment in capital asset, net of debt to unrestricted, due to a miscalculation of debt that was related to capital assets. Unrestricted for 2010 was changed from a $9.6 million deficit to a $1.1 million deficit.

GOVERNMENT-WIDE FINANCIAL ANALYSIS-continued

Approximately 81% of the Office's net assets represent its investment in capital assets (e.g. land, buildings and improvements, maintenance equipment, office furniture and equipment, vehicles, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Office uses these capital assets to provide services to citizens and inmates; consequently, these assets are not available for future spending. Although the Office's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities. The investment in net capital assets has increased by $57.1 million as the Office continues the replacement of capital assets damaged by Katrina.

The restricted net assets include $20.5 million set aside to liquidate debt. The amount set aside to liquidate debt decreased by $4.4 million due primarily to the early retirement of general obligation bonds noted above. Funds held for intergovernmental transfers (funds for other governmental agencies for their capital improvements) decreased 1.7% to $12.3 million. The Office cannot use these funds as they are restricted for other governmental agencies capital improvements.

Unrestricted current and other assets increased by $12.3 million due primarily to the issue of an additional $5.0 million of bonds for capital improvements and accelerated collection of grant funds.

Capital assets increased $49.6 as the rebuild of the campus continues following the devastation of Katrina. This consists of $65.9 million of additions net of depreciation of $4.2 million, and $11.1 million of disposals.

Current liabilities have increased $16.9 million primarily due to large contracts and retainages payable for construction contracts. These construction related liabilities are being paid timely in accordance with contract terms. Other current liabilities had no significant changes.

Long term liabilities decreased by $4.7 million. This includes the issuance of $5.0 million of new bonds reduced by payments on outstanding general obligation bonds of $10.2 million. Accrued sick leave and other post employment benefits increased $.6 million. Claims and judgments decreased by 5.2%. ($.2 million)

The net assets of the Office's business-type activities had no change since the $.6 million of profits from the commissary operations were transferred to the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS-continued

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

	Summary of Changes in Net Assets					
	Governmental Activities		Business-type Activities		Primary Government Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	$ 52,509,241	$ 50,936,323	$ 682,986	$ 689,583	$ 53,192,227	$ 51,625,906
Operating grants	5,219,613	7,900,163	-	-	5,219,613	7,900,163
Capital grants	62,603,917	27,044,433	-	-	62,603,917	27,044,433
General:						
Ad-valorem taxes	7,047,750	7,092,471	-	-	7,047,750	7,092,471
Investment income	1,039,874	1,043,002	-	-	1,039,874	1,043,002
Other	2,844,634	3,287,385	-	-	2,844,634	3,287,385
Forgiveness of CDL proceeds	-	20,298,173	-	-	-	20,298,173
Interfund transfers	635,991	640,314	-	-	635,991	640,314
Total revenues and other	131,901,020	118,242,264	682,986	689,583	132,584,006	118,931,847
Expenses:						
Program expenses:						
Custody of prisoners	68,802,761	72,225,064	-	-	68,802,761	72,225,064
Interest	1,841,274	2,121,798	-	-	1,841,274	2,121,798
Commissary and other	-	-	46,995	49,269	46,995	49,269
General:						
Loss on disposal of assets	11,094,051	78,192	-	-	11,094,051	78,192
Transfers to other governmental agencies	526,236	56,152	-	-	526,236	56,152
Interfund transfers	-	-	635,991	640,314	635,991	640,314
Total expenses and other	82,264,322	74,481,206	682,986	689,583	82,947,308	75,170,789
Net increase	49,636,698	43,761,058	-	-	49,636,698	43,761,058
Beginning net assets	110,126,691	62,743,694	61,313	61,313	110,188,004	62,805,007
Civil equity	-	3,621,939	-	-	-	3,621,939
Ending net assets	$ 159,763,389	$ 110,126,691	$ 61,313	$ 61,313	$ 159,824,702	$ 110,188,004

GOVERNMENT-WIDE FINANCIAL ANALYSIS-continued

The Office is responsible for one of the core components of the local criminal justice system, which is the operation of the Parish detention system. This responsibility includes providing for the care, custody, and control of subjects housed in detention facilities, as well as, the processing of all individuals arrested within the City of New Orleans. Additionally, the Sheriff serves as the Executive Officer for the Orleans Parish Criminal District Court and the Civil District Courts, which includes the execution of all writs, orders, and processes including warrants and subpoenas, executes writs for judicial sales and disburses monies realized in accordance with laws, mandates, orders and judgments directed to him by the District Courts, the Courts of Appeals and the Supreme Court, as well as, providing security for the court system. Ancillary functions of the Office include, but are not limited to: law enforcement patrols, security services, the operation of search and rescue, mounted, K-9, motorcycle, and SWAT units, community service programs, work release programs, reentry, day reporting and inmate rehabilitation.

Charges for services pre-Katrina for the Criminal Sheriff the year ended December 31, 2004 were $64.3 million and in 2011 are $52.5 million for the combined offices of the Civil and Criminal Sheriff offices. This is a significant decline in charges for services revenues since Katrina. Charges for services increased 3% in 2011 from 2010. The Civil Division merger was included for a full twelve months in 2011compared to eight months for 2010. Civil generated approximately $9 million in 2011 and $6.1 million in 2010 of charges for services revenues. In 2011 the average number of prisoners decreased 7.4%. The prison population was approximately 6,000 inmates prior to Katrina. Following Katrina, there was a complete evacuation of all inmates. By February 2007, all evacuated inmates and other Orleans Parish inmates were back in the Office's custody. The average daily population has grown each year until 2011 as follows: 2007-2,726, 2008-2,570, 2009-3,284, 2010-3,431 and 2011-3,178. Comparing 2011 to 2010 arrested subjects are down 28.1% however the length of stay has been increasing as arrests have decreased. The length of stay increased in 2011 by 36.0%.

Operating grants continue to decline from $7.9 million in 2010 to $5.2 million in 2011. Capital grants from FEMA continue to increase as damaged buildings are rebuilt or repaired. Capital grants increased to $35.6 million (131%) in 2011.

Ad valorem tax collections, investment income and other income had minimal decreases of less than 1% from 2010 to 2011.

In 2010 there were two significant events that increased net assets by $20.7 million. The most significant change in net assets in 2010 was the entire forgiveness of $18.0 million Special Community Disaster Loan and associated accumulated interest of $2.3 million. The second was the merger of the two Sheriffs which increased net assets directly by $3.6 million and also decreased the operating deficit in 2010.

In 2011 the Office continues with stringent cost cutting measures including monitoring overtime and maintenance costs. During 2011 there was a 4.7% ($3.4 million) decrease in program expenses for custody of prisoners and other duties. This decrease in expenses is despite full year reporting of expenses for the Civil Division and other new programs started in 2010 of day reporting, reentry program and electronic monitoring. Personnel costs decreased 2.3% despite an employer's pension rate increase from 11% to 12%. Contractual services increased 3.5% primarily due to increased medical fees, and technology related costs. Materials and supplies decreased 20.9% primarily in the maintenance department area. Depreciation decreased 16.7% due to the write off of assets for demolished buildings.

Interest expense decreased from $2.1 million to $1.8 million due to 1) favorable rates on new issues, 2) forgiveness of CDL loan in 2010, 3) early retirement of the 2001 General Obligation Bonds and 4) and the normal retirement of debt.

GOVERNMENT-WIDE FINANCIAL ANALYSIS-continued

In 2011 there was a significant loss on disposal of assets. This $11.1 million loss is due to writing off assets in damaged buildings that were not written off in 2005 following Katrina. In 2005 an $18 million estimate of the hurricane related impairment was calculated based on estimated restoration/repair cost converted to a historical cost using an index. Since 2005 a number of buildings that were expected to be repaired have been declared over 50% damaged and been demolished. Many of the items that have been written off were buildings and improvements which are depreciated over 40 years and therefore still had significant book value remaining.

Business-type activities are the commissary sales to inmates. Operating income decreased slightly due to the decrease in average inmates. The commissary profits are transferred to the general fund. The operation of the commissary has been outsourced since August 6, 2007.

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS

As noted earlier, the Office uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and to assist in the management of its budgetary operations.

Governmental Funds

The focus of the Office's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable resources*. Such information is useful in assessing the Office's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, the Office's governmental funds reported combined ending fund balances of $71.0 million. This is a decrease of $2.5 million or approximately a 3.4% decrease from the prior year. There is $1.1 million in unassigned fund balances which is available for spending at the Office's discretion. The remainder of the fund balance is nonspendable or restricted and is not available for new spending. There is $1 million of nonspendable funds for prepaid expenses and inventory. The fund balance is restricted for the following 1) liquidate open purchase orders ($.5 million), 2) monies for future capital projects for the Office ($35.7 million) and for other criminal justice agencies ($12.3 million), 3) monies collected to fund debt ($20.5 million).

Major Governmental Funds

The General Fund is the Office's primary operating fund and largest source of day-to-day service delivery. The General Fund's fund balance decreased by $1.5 *million for an ending fund balance of* $2.5 *million.*

Revenues for the General Fund increased by 38.3% ($36.3 million increase). The majority of this increase is attributable to Federal and state grants (primarily FEMA) which increased $35.3 million to a total from grants of $66.6 million. Other revenue increases were from Civil Division fees and commissions and security services which increased $2.4 million and $.5 million respectively. The Civil Division was merged into the Office effective May 3, 2010. On an annualized basis the Civil Division revenues actually had minimal decreases. Most of the other revenue accounts had small decreases except the state supplemental pay reimbursement which increased due to the Civil Division merger. Custody of inmates charges decreased 5.0% from $37.1 million in 2010 to $35.2 million in 2011. Federal inmate charges had the greatest decrease from $1.8 million in 2010 to only $.9 million in 2011.

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS-continued

Operating expenses for the General Fund, excluding capital outlay, debt retirement and interest decreased $3.4 million. This 5.1% decrease is after consideration of an increase of $1.7 million for the Civil Division expenditures for the full year of inclusion in the financial statements. Expense reductions were primarily decreases in maintenance supplies and inmate food. A revenue anticipation note was rolled over and had no impact on the General Fund's fund balance. Capital outlays increased from $27.7 million to $64.0 million as the recovery program is aggressively pursued.

The General fund had a deficiency of revenues over expenditures of $7.0 million. This deficiency was partially offset by a renewal of $4.0 million of revenue anticipation notes and a transfer of $1.5 million from other funds. The net change in fund balance was $1.5 million decrease.

For 2011, General Fund Department fluctuations are explained as follows. Central Services decreased $.7 million (12%) due to reductions in personnel and professional services costs. Court Services had no significant change. Security services had a small decrease since increases due to the inclusion of the Civil Division security services for a full year were offset by reductions in personnel costs. Administrative Services increased $.6 million due to inclusion of the Civil Division for a full year. Records and Booking had no significant change. Inmate services decreased $.8 million (6.6%) due to reductions in personnel and inmate food costs. Grants and special programs costs increased due to the inclusion of the Re entry and Day reporting programs for a full year of operations. Plant and maintenance costs declined $1.7 million (24%) in 2011 as stringent cost controls continue to be implemented.

The other major governmental funds are the Capital Projects Fund and the Debt Service Fund.

The Capital Projects Fund's fund balance increased by $4.2 million due primarily to the issuance of $5.0 million of general obligation bonds.

The Debt Service Fund's fund balance decreased by $4.4 million due primarily to the early retirement of the 2001 General Obligation bonds. In July 2006, the Office and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement (the Agreement) whereby the State agreed to lend up to $17.3 million to the Office from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2006 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006. This loan is to assist in payment of debt service requirements for 2006 to 2009 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. No principal or interest is payable during the initial five year period of the loan. After the expiration of the initial five-year period, the loan bears interest at a fixed rate of 4.64 percent. The debt service fund has accumulated funds to be able to repay this loan.

Proprietary Funds

The Enterprise Fund (commissary fund) transferred its operating profit to the General Fund. Operating profits of $.6 million decreased by 1% from the previous year due to the 7.4% decrease in average daily population.

The Internal Service Fund (self-insurance fund) is funded by "premiums" paid by the General Fund for expected claims for general liability, property and casualty and environmental. Claim liabilities are reevaluated periodically. During 2011, claim payments including legal fees were $2.3 million and during 2010 claim payments including legal fees were $2.2 million. Based on claim experience and estimated liabilities the "premium" for 2011 increased to $2.3 million from the previous year's $2.0 million.

BUDGETARY HIGHLIGHTS

The General Fund – The 2011 General Fund budget was based on the expectation of a small increase in the overall inmate population. The population was a small decrease but the budget required adjustment as the mix of city, state and federal inmates shifted. The City inmate population declined but not as much as expected. The State inmate population had been expected to increase with the opening of a new temporary facility however the facility was not completed until 2012 and the state inmate population decreased approximately 7%. The budget anticipated Federal inmates to be about the same however Federal inmates decreased 39%. The Civil Division was expected to continue the growth in fees that it had in 2010 however the civil fees and commissions were lower than expected in the original budget. Other income which includes some inmate related revenues was less than expected due to the decline in average inmates.

The largest adjustment on the 2011 budget was for Federal grants. FEMA revenues are on a reimbursement basis. When the budget was prepared there was an expectation that construction on the inmate housing/intake processing center/administrative building would have some large initial costs. At the time the budget was amended contractor prepared cash flow projections were used. However the kitchen/warehouse construction, temporary detention facility and the inmate housing/intake processing center/administrative building have proceeded at a slower construction rate than projected by the contractors.

For the budgeted expenses there were no major changes from the original budget and the final adopted budget. The capital outlay was not as high as budgeted as explained above. The FEMA expenditure variance is more than the related revenue variance due to accelerated reimbursement recoveries in 2011 and recovery of retainage monies previously held by the state but which are now being held by the Office.

The Debt Service Fund – The 2011 budget was amended to reflect a reduction in investment income and a small increase in ad valorem taxes. The Budget was also adjusted to reflect the decision to early retire the 2001 general obligation bonds that had interest rates ranging from 2.75% to 5%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Office's investment in capital assets, net of accumulated depreciation, as of December 31, 2011, was $146.8 million. Additions to capital assets, primarily funded through FEMA, were $65.9 million. Reductions in capital assets were $4.2 million of depreciation and $11.1 million of other deductions for the book value of assets disposed of during the year.

Major capital events during 2011 include the following:

- Start Construction on the Inmate Housing, Intake and Processing Center and Administrative Building Complex-5% completion
- 70% completion of the Kitchen/Warehouse/Central Plant
- Completion of Temporary Kitchen and Laundry modular units to replace the Templeman Emergency Kitchen and to service the new 500 bed temporary facility
- 95% completion of the 500 bed temporary facility
- Demolition of South White Detention Facility and Templeman Emergency Kitchen

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2011

The following table provides a comparative summary of capital assets:

	2011	2010	Percentage change
Land	$ 6,031,547	$ 6,031,547	0.00%
Construction in progress	100,057,224	37,876,690	164.17%
Depreciable assets:			
Buildings and improvements	52,878,307	67,157,908	-21.26%
Operating equipment	2,572,438	2,909,352	-11.58%
Furniture and equipment	4,395,235	5,134,781	-14.40%
Vehicles	8,390,033	8,047,767	4.25%
Total depreciable assets	68,236,013	83,249,808	-18.03%
Less accumulated depreciation	27,552,480	30,023,540	-8.23%
Depreciable assets, net	40,683,533	53,226,268	-23.56%
Total assets	$ 146,772,304	$ 97,134,505	51.10%

CAPITAL ASSETS AND DEBT ADMINISTRATION-continued

Long-Term Obligations

At the end of the fiscal year, the Office had approximately $62.4 million in long-term obligations as shown in the table below:

	2011	2010	Percentage change
General obligation bonds	$ 34,035,000	$ 39,215,000	-13.21%
Go Zone (Cooperative Endeavor)	17,256,120	17,256,120	0.00%
Revenue Anticipation Notes	3,986,000	3,986,000	0.00%
Claims and judgments	3,940,789	4,157,789	-5.22%
Accrued sick and annual leave	2,246,111	1,983,803	13.22%
Post employment benefits	909,305	621,852	46.23%
Other	7,148	10,811	-33.88%
	$ 62,380,473	$ 67,231,375	-7.22%

The long-term obligations of the Office decreased by 7.2%. The most significant decrease is the early retirement of the $7.5 million of Series 2001 General Obligation Bonds that had interest rates ranging from 3.75% to 5% and that were scheduled to mature through March 1, 2016. Significant increases include the 2011 $5.0 million issuance of general obligation bonds for capital improvements at a 2.97% interest rate. A revenue anticipation note was renewed. Voters approved general obligation bonds of $63.2 million on October 4, 2008. The cumulative issuances on these bonds are now $40.0 million. During 2011, the Office retired $2.7 million of bonds in addition to the early retirement of the 2001 General Obligation Bonds. Post employment benefits increased 46.2%. See Notes 9 and 17 to the financial statements for additional information regarding long-term debt and the post employment benefit liability. In February 2010, the national rating agency, Standard & Poor's upgraded the bond rating of the Office's general obligation bonds approved in October 2008 to an "A" rating.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The Metropolitan Report Volume 22, No. 3 published May 2012 by the Division of Business and Economic Research University of New Orleans covers the economic activity in the New Orleans metropolitan statistical area which includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist and St. Tammany Parishes. The report is a review of the first quarter of 2011 through the first quarter of 2012. Highlights of the report indicate that: "Employment in the New Orleans Metropolitan area decreased slightly over the year to 7.2% from 7.5%. Unemployment in New Orleans remains less than the national average. Industries with the strongest employment gains in the New Orleans area over the past year include professional and business services and leisure and hospitality. Employment increased by 6.3% (4,300 jobs) in the professional and business services sector and by 4.2 % (3,000 jobs) in the leisure and hospitality sector. The most substantial job losses in the New Orleans area occurred in construction (3,200 jobs), financial activities (1,400 jobs) and manufacturing of transportation equipment (1,300 jobs). Over the last year, the New Orleans Metropolitan Statistical Area population grew by .6% (8,000 new residents). With approximately 1.2 million current residents, total population in the New Orleans metropolitan area stands at about 87.5% of the pre-Katrina population.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES-continued

Operating Revenues

Historically, the number of inmates housed at the detention facilities is the primary factor which impacts the gross revenue available to provide incarceration services to inmates of the City of New Orleans (City), the Louisiana Department of Public Safety and Corrections (DOC), and the federal government (FEDS). The number of inmates held at the detention facilities at any given time is affected by the number of arrests made by law enforcement authorities and the length of stay which is affected by sentences imposed by the courts or the ability to make bond. Since Katrina, another major limiting factor is the number of beds available. The per diem paid to the Office to house these prisoners varies by type of inmate; whether it is a City inmate, sentenced or unsentenced, a DOC inmate or an inmate of the FEDS. The per diem rate for the City is based on a consent judgment in federal court. The per diem rate for DOC inmates is based on state statutes, and the per diem for the FEDS is based on negotiated contracts.

Pre-Katrina, the Office had approximately 7,500 beds. The average number of inmates per day in 2004 was approximately 5,700. The average per day for 2005 was approximately 6,000 inmates per day until Hurricane Katrina. At the end of 2010, a little over 3,500 beds were available. During 2011 the S. White Detention Center was closed. In 2012 a new 500 bed temporary facility has opened and the House of Detention has closed. Currently there are approximately 3,200 beds available. The City per diem has not been raised since July 1, 2003 and the Office is trying to have the City fully fund the needs of the Office. The 2012 budget was prepared with the expectation of increased funding.

The Civil Division revenues are based upon various fees for services or Sheriff's sales. There had been significant increases in 2010 and 2011 revenues but these increases have leveled off and revenues are expected to be stable in 2012.

Operating Expenditures

The largest operational cost for the Office is personnel. The Office had approximately 1,200 employees pre-Katrina. Following the storm, only a core group returned. As facilities came back on line, the Office brought back its personnel. Currently, the Office employs approximately 750 people, which includes the addition of the Civil Division of approximately 100 employees. In order to be competitive, and to retain and hire the personnel needed to staff the facilities, raises and salary adjustments were made in prior years. During 2011 the Office aggressively monitored and reduced overtime pay. With the closing of the House of Detention in 2012 the Sheriff's Department adopted a state police schedule for security deputies. This schedule does not have any pre assigned overtime. This change in schedule reduced deputy salaries pay approximately 30% since there are reduced hours and hours worked are at straight time rates. Also in 2012 the Office ceased matching deferred compensation payments which will reduce personnel expenses approximately $1 million annualized. In 2012 the administrative staff and rank at major and above will take one furlough day in each two week pay period. The approximate cost savings in the personnel area is expected to be approximately $.5 million per month. These cost reduction strategies were implemented after the 2012 budget was prepared and the 2012 budget will be amended to reflect these changes.

Due to Katrina damage, the Office is using the older less efficiently designed detention facilities. The new 500 bed temporary facility has been designed to use fewer deputies per inmate. The House of Detention design was a facility that used a greater number of deputies per inmate. While the House of Detention is closed for inmates it continues to be used for administrative functions that were not provided for in the temporary facility. The savings in contractual and materials and supplies costs are expected to be negligible.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES-continued

Capital outlays are projected to increase to approximately $110 million as the recovery pushes forward. The kitchen warehouse is scheduled for completion in mid 2012 and the inmate housing, intake and processing center and administrative building should be completed in mid 2014.

Initial results for 2012 reflect that revenues are less than budgeted for inmate charges and Civil Division fees. Expenses for the first quarters are as budgeted but should decrease with the cost cutting measures implemented in the second quarter in the personnel area.

Non Operating Revenues and Expenditures

In post Katrina there are significant other revenues and expenses, which impact the Office. State and federal grants related to the disaster had a significant impact on 2005 and forward. FEMA total grants are expected to increase to over $300 million (current obligated funds exceed $290 million). Cumulative recognized FEMA accrual revenues are over $153 million at the end of 2011. The additional FEMA revenues will be recognized as buildings and other reimbursable assets are repaired or replaced.

The 2012 Budget has a $2.9 million operating profit however this budget was based on 3,400 average inmates including and to date the average inmates is 3,000. This $2.9 million was offset against an expected deficit in fund balance for 2011. The 2011 expected deficit was avoided by the acceleration of FEMA reimbursements for retainage and the reduction in the time for FEMA reimbursement. The acceleration of revenues in 2011 will have a corresponding decrease in the 2012 year.

Significant Factors

The Office has been struck by several hurricanes in the last six years, with the most recent being Hurricane Gustav on September 1, 2008. The Office continues the rebuilding process. Though much progress has been made since Hurricane Katrina, a substantial amount of work is still to be done. In order for the Office to successfully operate in post-Katrina New Orleans, and to meet the needs of the criminal justice system, the following critical issues need to be addressed: (1) the completion of detention facilities that meet American Correctional Association standards (2) the restoration of our permanent kitchen production facility to adequately provide for the dietary needs of our increasing offender population; (3) rebuild a modern booking facility that can effectively process intake and release volume; (4) recruit and retain qualified personnel; (5) provide equipment for employees so they can complete their missions in a safe and effective manner; and (6) expedite the recovery and remediation process between the City of New Orleans and FEMA.

These critical issues are all being addressed, but many of them entail major capital projects that will take several years to complete. In the meantime, the Office continues to seek alternative funding and to reduce the operational costs of the Office while continuing to provide the essential detention facilities, which are an integral part of the criminal justice system of the Parish and are needed to protect the citizens of New Orleans.

CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Office's finances, comply with finance-related laws and regulations, and demonstrate the Office's commitment to public accountability. If you have any questions about this report or would like to request additional financial information contact the Orleans Parish Sheriff's Office, 2800 Gravier Street, New Orleans, Louisiana 70119. The financial report is also available on the Louisiana Legislative Auditor's website at www.lla.la.gov under "Reports & Data".

BASIC FINANCIAL STATEMENTS

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 26,077,582	$ -	$ 26,077,582
Investments including accrued interest	55,076,543	-	55,076,543
Intergovernmental receivables	19,566,802	-	19,566,802
Internal balances	(61,313)	61,313	-
Interfund receivables	803,209	-	803,209
Other receivables	1,020,852	-	1,020,852
Prepaid expenses	42,450	-	42,450
Inventories	864,737	-	864,737
Capital assets, net of accumulated depreciation	146,772,304	-	146,772,304
Total assets	250,163,166	61,313	250,224,479
LIABILITIES:			
Accounts payable	27,188,122	-	27,188,122
Accrued interest	831,182	-	831,182
Long-term liabilities:			
Due within one year	7,895,495	-	7,895,495
Due after one year	54,484,978	-	54,484,978
Total liabilities	90,399,777	-	90,399,777
NET ASSETS (DEFICITS):			
Invested in capital assets, net of related debt	129,516,185	-	129,516,185
Restricted for:			
Debt service	20,475,511	-	20,475,511
Capital improvements, net of related debt	1,649,490	-	1,649,490
Intergovernmental transfers	12,318,966	-	12,318,966
Unrestricted	(4,196,763)	61,313	(4,135,450)
Total net assets	$ 159,763,389	$ 61,313	$ 159,824,702

The accompanying notes are an intergral part of this statement.

Exhibit "B"

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Custody of inmates	$ 68,802,761	$ 52,509,241	$ 5,219,613	$ 62,603,917	$ 51,530,010	$ -	$ 51,530,010
Interest on long-term debt	1,841,274	-	-	-	(1,841,274)	-	(1,841,274)
Total governmental activities	70,644,035	52,509,241	5,219,613	62,603,917	49,688,736	-	49,688,736
Business-Type Activities:							
Commissary operations	46,995	682,986	-	-	-	635,991	635,991
Total business-type activities	46,995	682,986	-	-	-	635,991	635,991
Total Office	$ 70,691,030	$ 53,192,227	$ 5,219,613	$ 62,603,917	49,688,736	635,991	50,324,727
General revenues:							
Ad valorem taxes, levied for debt service					7,047,750	-	7,047,750
Investment income					1,039,874	-	1,039,874
Other income					2,844,634	-	2,844,634
Loss on disposal of assets					(11,094,051)	-	(11,094,051)
Transfers					635,991	(635,991)	-
Transfers to other governmental agencies					(526,236)	-	(526,236)
Total general revenues and transfers					(52,038)	(635,991)	(688,029)
Change in net assets					49,636,698	-	49,636,698
Net assets - beginning					110,126,691	61,313	110,188,004
Net assets - ending					$ 159,763,389	$ 61,313	$ 159,824,702

The accompanying notes are an intergral part of this statement.

Exhibit "C"

ORLEANS PARISH SHERIFF'S OFFICE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General Fund	Capital Projects	Debt Service	Non-major Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	$ 14,196,483	$ 11,410,726	$ 470,373	$ -	$ 26,077,582
Investments plus accrued interest	-	37,410,662	17,663,092	-	55,073,754
Intergovernmental receivables	19,566,802	-	-	-	19,566,802
Interfund receivables	1,634,336	-	2,237,821	-	3,872,157
Other receivables	916,627	-	104,225	-	1,020,852
Prepaid expenses	42,450	-	-	-	42,450
Inventory	864,737	-	-	-	864,737
Total assets	$ 37,221,435	$ 48,821,388	$ 20,475,511	$ -	$ 106,518,334
LIABILITIES:					
Accounts payable	$ 27,188,122	$ -	$ -	$ -	$ 27,188,122
Interfund payables	6,250,329	817,932	-	-	7,068,261
Deferred revenue	1,279,308	-	-	-	1,279,308
Accrued annual and sick leave	15,000	-	-	-	15,000
Total liabilities	34,732,759	817,932	-	-	35,550,691
FUND BALANCES:					
Nonspendable amounts:					
Not in spendable form	907,187	-	-	-	907,187
Restricted	508,834	48,003,456	20,475,511	-	68,987,801
Unassigned	1,072,655	-	-	-	1,072,655
Total fund balance	2,488,676	48,003,456	20,475,511	-	70,967,643
Total liabilities and fund balances	$ 37,221,435	$ 48,821,388	$ 20,475,511	$ -	$ 106,518,334

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total fund balances for governmental funds at December 31, 2011	$ 70,967,643
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital asssets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land	6,031,547
Construction in progress	100,057,224
Buildings and improvements, net of $15,017,591 accumulated depreciation	37,860,716
Operating equipment, net of $1,455,322 accumulated depreciation	1,117,116
Office furniture and equipment, net of $3,903,721 accumulated depreciation	491,514
Vehicles, net of $7,175,846 accumulated depreciation	1,214,187
	146,772,304
Deferred revenue – Under modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so cumulative deferred revenues must be recorded.	1,279,308
Long-term liabilities applicable to the Office's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in government funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported in the statement of net assets.	
Accrued interest on bonds and notes	(831,182)
Bonds and notes payable	(55,277,120)
Bond premium, net of accumulated amortization	(7,148)
Other post employment benefits accrual	(909,305)
Accrued annual and sick leave, long-term portion	(2,231,111)
	(59,255,866)
Total net assets of governmental activities at December 31, 2011	$ 159,763,389

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Projects	Debt Service	Non-major Governmental	Total Governmental
REVENUES:					
Custody of inmates:					
City of New Orleans charges	$ 23,762,489	$ -	$ -	$ -	$ 23,762,489
State of Louisiana Department of Corrections charges	9,866,429	-	-	-	9,866,429
Federal charges	920,066	-	-	-	920,066
Other charges	667,178	-	-	-	667,178
Civil fees and commissions	7,338,542	-	-	-	7,338,542
Security services	1,634,068	-	-	-	1,634,068
Investment income	6,432	864,201	168,226	1,015	1,039,874
On-behalf payments	4,880,915	-	-	-	4,880,915
State supplemental pay	3,074,997	-	-	-	3,074,997
Federal and state grants	66,621,312	-	-	-	66,621,312
Restitution/administration	638,839	-	-	-	638,839
Release processing fees	530,986	-	-	-	530,986
Other income	2,823,154	-	-	21,480	2,844,634
Ad valorem tax revenue	-	-	7,047,750	-	7,047,750
Total revenues	122,765,407	864,201	7,215,976	22,495	130,868,079
EXPENDITURES:					
Central services	5,007,109	-	-	-	5,007,109
Court services	3,718,916	-	-	-	3,718,916
Security services	21,430,955	-	-	-	21,430,955
Administrative services	9,272,313	-	-	-	9,272,313
Records and booking	4,184,945	-	-	-	4,184,945
Inmate services	11,437,360	-	-	-	11,437,360
Grants and special programs	1,169,011	-	-	-	1,169,011
Plant and maintenance	5,383,908	-	-	-	5,383,908
Miscellaneous	-	105,994	-	90,547	196,541
Debt retirement	3,986,000	-	10,180,000	-	14,166,000
Interest payments	100,107	-	1,437,618	-	1,537,725
Capital outlays	64,041,196	887,868	-	-	64,929,064
Total expenditures	129,731,820	993,862	11,617,618	90,547	142,433,847
Deficiency of revenues over expenditures	(6,966,413)	(129,661)	(4,401,642)	(68,052)	(11,565,768)

(continued)

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Projects	Debt Service	Non-major Governmental	Total Governmental
OTHER FINANCING SOURCES (USES), INCLUDING TRAN					
Proceeds from bond and note issuance	3,986,000	5,000,000	-	-	8,986,000
Transfers in	1,500,799	-	-	-	1,500,799
Transfers out	-	(149,435)	-	(715,373)	(864,808)
Transfers to other governmental agencies	-	(526,236)	-	-	(526,236)
Total other financing sources, including transfers	5,486,799	4,324,329	-	(715,373)	9,095,755
Net changes in fund balances	(1,479,614)	4,194,668	(4,401,642)	(783,425)	(2,470,013)
FUND BALANCES, BEGINNING	3,968,290	43,808,788	24,877,153	783,425	73,437,656
FUND BALANCES, ENDING	$ 2,488,676	$ 48,003,456	$ 20,475,511	$ -	$ 70,967,643

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2011

Total net changes in fund balances at December 31, 2011 per Statement of Revenues, Expenditures and Changes in Fund Balances	$ (2,470,013)
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. This is the amount by which capital outlays of $64,929,064 exceeded depreciation expense of $4,197,214.	60,731,850
Net book value of capital assets disposed during the year	(11,094,051)
New debt issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(8,986,000)
Repayments of bond principal are reported as financing uses in governmental funds and thus contribute to the reduction in fund balance. In the statement of net assets, however, repayment of debt decreases long-term liabilities and does not affect the statement of activities.	14,166,000
Change in revenue accruals - Under modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so certain revenues not available for spending are recognized in the current year.	(1,872,779)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when paid. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
Amortization of bond premium	3,663
Accrued interest on bonds	(307,212)
Accrued other post employment benefits	(287,453)
Accrued annual and sick leave	(247,307)
	(838,309)
Special Items	
Total change in net assets at December 31, 2011 per Statement of Activities	$ 49,636,698

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

ASSETS

	Business-Type Activities Enterprise Funds Non-Major	Governmental Activities Internal Service Funds
CURRENT ASSETS:		
Interfund receivables	$ 61,313	$ 3,938,000
Restricted assets:		
Investments held in escrow	-	2,789
Total current assets	61,313	3,940,789

LIABILITIES AND NET ASSETS

	Business-Type Activities Enterprise Funds Non-Major	Governmental Activities Internal Service Funds
LIABILITIES:		
Claims and judgments	-	3,940,789
Total noncurrent liabilities	-	3,940,789
Total liabilities	-	3,940,789
NET ASSETS:		
Unrestricted	61,313	-
Total net assets	$ 61,313	$ -

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities	Governmental Activities
	Enterprise Funds Non-Major	Internal Service Funds
OPERATING REVENUES:		
Sales	$ 682,986	$ -
Less: cost of goods sold	(2,958)	-
Gross profit	680,028	-
Insurance revenues	-	2,269,729
Total operating revenues	680,028	2,269,729
OPERATING EXPENSES:		
Legal services, claims and judgments	-	2,269,729
Personnel costs	44,037	-
Total operating expenses	44,037	2,269,729
Operating income	635,991	-
TRANSFERS:		
Transfers out	(635,991)	-
Change in net assets	-	-
TOTAL NET ASSETS, BEGINNING	61,313	-
TOTAL NET ASSETS, ENDING	$ 61,313	$ -

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities	Governmental Activities
	Enterprise Funds Non-Major	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from inmates and customers	$ 682,986	$ -
Cash received for self-insurance premiums	-	2,269,729
Cash paid to suppliers	(2,958)	-
Cash paid to employees	(44,037)	-
Cash paid for legal services, claims, and judgments	-	(2,269,729)
Net cash flows provided by operating activities	635,991	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash paid to other funds	(635,991)	-
Net cash flows used in noncapital financing activities	(635,991)	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning	-	-
Cash and cash equivalents, ending	$ -	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 635,991	$ -
Net cash provided by operating activities	$ 635,991	$ -

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Pension Trust	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 9,097	$ 3,937,541
Interest receivable	17,106	-
Interfund receivables	-	13,195
Other receivables	-	21,682
Deposits	-	40,000
Investments	3,010,999	-
Total assets	3,037,202	4,012,418
LIABILITIES:		
Due to inmates and others	-	3,196,014
Advance payment on contributions	42,450	-
Interfund payables	-	816,404
Total liabilities	42,450	4,012,418
NET ASSETS:		
Net assets held in trust for pension benefits	2,994,752	-
Total net assets	$ 2,994,752	$ -

The accompanying notes are an intergral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Pension Trust
ADDITIONS:	
Employer contributions	$ 131,548
Employee contributions	126,536
Total contributions	258,084
Investment income	74,001
Total investment income	74,001
Total additions	332,085
DEDUCTIONS:	
Trustee fees	23,834
Benefits paid to participants	611,386
Total deductions	635,220
Change in net assets	(303,135)
NET ASSETS, BEGINNING	3,297,887
NET ASSETS, ENDING	$ 2,994,752

The accompanying notes are an intergral part of this statement.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Orleans Parish Sheriff's Office (the Office) was created by the Louisiana Constitution of 1921, Article 7, Section 89.

The Sheriff is elected by qualified electors every four years. The Sheriff is in charge of the direction and supervision of all deputy sheriffs who possess all of the powers and authority granted by law to the Sheriff.

Among the powers of the Sheriff are the keeping of the jails, the preservation of the peace and the apprehension of disturbers of the peace and other public offenders. The Sheriff is the executive officer of the District Courts and has the authority to serve citations, summons, subpoenas, notices and other processes, and to execute writs, mandates, orders, and judgments directed to him by the District Courts.

On July 28, 1989, the Orleans Parish Law Enforcement District (the District) was created by Act No. 20 of the 1989 Second Extraordinary Session of the Louisiana Legislature, which the Act amended Chapter 26 of Title 33 of the Louisiana Revised Statutes. The Sheriff of the Parish of Orleans is the Chief Executive Officer of the District. The purpose of the District is to provide financing for the Sheriff through the levying and collection of tax millages. The proceeds of these tax revenues may be used to fund the operations of the Sheriff's Office or fund the repayment of debt.

Louisiana Revised Statute 33:1500 provided there is one sheriff for the Parish of Orleans, effective the first Monday in May 2010 following the election. The offices of the Orleans Civil and Criminal Sheriffs were consolidated and the separate offices were abolished. The Sheriff has and exercises all powers, duties, and functions of the former Civil and Criminal sheriffs of the Parish of Orleans.

Pursuant to Act No. 621 of the 2006 Legislature, the offices of the Orleans Parish Civil Sheriff (the Civil Sheriff) and the Orleans Parish Criminal Sheriff were abolished on May 2, 2010 and the financial activities of the Civil Sheriff, as of May 2, 2010, were consolidated with the financial activities of the former Office of Orleans Parish Criminal Sheriff to create a single Sheriff for the Parish of Orleans (referred to as the Orleans Parish Sheriff). The newly created Orleans Parish Sheriff commenced on May 3, 2010. The accompanying financial statements, notes to the financial statements and other required supplementary information include the former Civil Sheriff's financial activities for the period May 3, 2010 through December 31, 2011.

Act 125 of the 2009 Legislature provided for the Civil Sheriff's employees' continuing membership in the Louisiana Sheriff's Pension and Relief Fund for the health and life insurance plans in which they were participating as of May 2, 2010. On May 3, 2010 the Civil Sheriff employees transferred to the newly created office of the Orleans Parish Sheriff. For the period prior to the date of consolidation on May 3, 2010, the Civil Sheriff served a four-year term, as provided by Article V, Section 32 and R.S.33.1501.1 of the Louisiana Constitution of 1974. During the period prior to the consolidation, the Civil Sheriff was the Chief Executive Officer of the Civil District Courts of the Parish of Orleans and he served citations, summonses, subpoenas, notices and other processes and executes writs for judicial sales and disburses monies realized in accordance with laws, mandates, orders and judgments directed to him by the District Courts, the Courts of Appeals and the Supreme Court.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Office's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

Although the Office has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Office has chosen not to do so.

Reporting Entity

The Orleans Parish Sheriff's Office is a "primary government" as defined in GASB Section 2100 since the Office is a government, created by State statute that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in generally accepted accounting principles. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Orleans Parish Law Enforcement District is included (blended) within the reporting entity.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Office's basic financial statements include both government-wide (reporting the Office as a whole) and fund financial statements (reporting the Office's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Office's inmate custody, civil division and related general administrative services are classified as governmental activities. The Office's inmate commissary is classified as a business-type activity.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-Wide Financial Statements (GWFS) (continued)

In the government-wide Statement of Net Assets (Exhibit A), both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Office's net assets are reported in three parts – invested capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Office first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of each of the Office's functions (custody of inmates and civil division) and business-type activities (inmate commissary operations). The net costs (by function or business-type activity) are normally covered by general revenue (investment income, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (custody of inmates and civil division) or a business-type activity. Operating grants include operating-specific and discretionary grants, while the capital grant column reflects capital-specific grants.

The Office does not allocate indirect costs.

The effect of interfund transactions has been removed from these statements.

This government-wide focus is more on the sustainability of the Office and the change in the Office's net assets resulting from current year's activities.

Separate financial statements are provided for fiduciary funds; however, they are excluded from the government-wide financial statements.

Basic Financial Statements – Fund Financial Statements (FFS)

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

The following fund types are used by the Office:

Governmental Funds:

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

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements (FFS) (continued)

The following is a description of the major governmental funds of the Office:

General Fund

The General Fund is the primary operating fund of the Office and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Office policy.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities by the District and the Office that are not financed by the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources to be used for the periodic payment of principal and interest on general long-term debt including principal, interest, and related costs of the District and the Office.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Internal service funds are used by the Office to account for financing of goods or services provided by one department to other departments of the Office on a cost-reimbursement basis.

The following is a description of the proprietary funds of the Office:

Enterprise Funds

Enterprise funds are required to be used to account for activities for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based upon a pricing policy designed to recover similar costs.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements (FFS) (continued)

Internal Service Funds

These funds are used to account for the financing of goods and services provided by an activity to other departments, funds or component units of the Office on a cost-reimbursement basis. Operating expenses of the internal service fund (self-insurance fund) include the costs of claims and judgments, related administrative expenses, and premiums for commercial policies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Non-Major Funds:

Special Revenue Funds

Special revenue funds are used to account for all revenue and expenditure sources authorized by a legislative body to be used for a specific purpose. The non-major special revenue funds consist of the scholarship fund, elderly victims fund and the benevolent fund which were dissolved in the current year based on a release of restriction and transferred to the general fund.

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Office programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The following is a description of the fiduciary funds of the Office:

Pension Trust Fund

The pension trust fund reports resources held in trust and the receipts, investments, and distribution of retirement contributions. The Office's pension trust fund is limited to the pension benefits offered through the defined contribution pension plan.

Agency Funds

The agency funds account for assets held by the Office as an agent for inmates and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued):

Accrual

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

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Revenues

Substantially all governmental fund revenues are accrued except for: revenues related to Federal Emergency Management Agency (FEMA) grants which were not collected within 60 days of year end, cash advances on reimbursement grants, and ad valorem taxes not collected within 60 days of year end.

Investment income in proprietary funds, which finance current operations, are reported as non-operating revenue.

The District's debt service fund receives ad valorem/property taxes that have been levied on real property in Orleans Parish, Louisiana. The taxes are collected by the City of New Orleans and then remitted to the District. The taxes are levied by the City of New Orleans on the assessed value for all real property in Orleans Parish on January 1st of the assessment year based upon the assessed value as of the prior August 15th. Taxes are due and payable on January 1st, the date on which an enforceable lien attaches on the property, and are delinquent on February 1st.

The Office is authorized under state law to house inmates for Municipal, State, and Federal agencies. In accordance with contracts between the Office and these agencies, the Office bills the agencies a per diem amount for the housing of inmates. Other revenues of the Office consist of inmate telephone charges, grants, release processing fees, restitution administration fees, and a portion of bail bond fees.

The Civil division's revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures

Expenditures are recognized when the related fund liability is incurred.

The Office's primary expenditures include salaries and related benefits. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Deferred Revenues

Deferred revenues arise when resources are received by the Office before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. Deferred revenue is also recorded for FEMA receivables and ad valorem taxes recorded but not received within sixty days. In subsequent periods, when the Office has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Budgets

The Office is required by state law to adopt annual budgets for the General Fund and Debt Service Fund. Each budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles. Budget amounts included in the accompanying financial statements reflect the originally adopted budget and all subsequent amendments.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1st the Office prepares a budget for the next succeeding fiscal year beginning January 1st. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted, after proper official public notification, to obtain taxpayer comment.

3. Prior to December 15th the budget is legally enacted through passage of a resolution by the Sheriff.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes amounts on hand and in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Office may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Office's investment policy. Louisiana Revised Statute (R.S.) 33:2955 authorizes the Office to invest in (1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, (2) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, (3) direct security repurchase agreements of any federal book entry only securities, (4) time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the state of Louisiana, savings accounts or shares of savings and loan associations, (5) mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

Investments are stated at fair value as determined by quoted market prices, except that short-term, highly liquid investments that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Inventories

Inventory in the General Fund consists of medical and expendable supplies and food items held for consumption and are carried at weighted average cost. The weighted average cost is recorded as an expenditure at the time of consumption.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items in both government-wide and fund financial statements.

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 Office maintains a threshold level of $5,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets, and depreciation is recorded in the 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:

Description	Estimated Lives
Buildings and improvements	40 years
Maintenance equipment	7 years
Office furniture and equipment	5 years
Vehicles	5 years

Accrued Annual and Sick Leave

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Accumulated annual leave and sick leave as of the end of the year is valued using employees' current rates of pay, and the liability for these compensated absences is recorded as a long-term liability in the government-wide financial statements. In the governmental funds financial statements, only the current portion is accrued.

Annual leave is accumulated until the employee retires, resigns, or is terminated. Effective January 1, 2008, the maximum amount of annual leave that can be carried forward is 360 hours. Employees with more than 360 hours at January 1, 2008 can carry that amount forward, but cannot increase the amount carried forward.

Long-Term Debt and Bond Discounts/Premiums

In the government-wide and proprietary fund financial statements, outstanding debt is reported as a liability. Bond issuance costs and bond discounts or premiums are capitalized and amortized/accreted over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Net Assets – Government Wide, Proprietary and Fiduciary Fund Financial Statements

Net assets are displayed in three components:

1. Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

2. Restricted net assets – net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable funds –amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

2. Restricted Fund balance – amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors, or citizens.

3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by the Sheriff or resolution.

4. Assigned Fund Balance – amounts that are constrained by the Sheriff's intent that they will be used for specific purposes. The Sheriff is the only body authorized to assign amounts for a specific purpose and is the highest level of decision-making. Therefore, amounts must be reported as committed.

5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The Sheriff considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Sheriff also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

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

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 at the date of the financial statements and the reported revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2011, the Office has cash and cash equivalents (book balances) as follows:

Demand deposits	$	430,635
Non-interest bearing demand deposits		5,578,849
Interest-bearing demand deposits		24,004,331
Cash on hand		10,405
Total	$	30,024,220

Reconciliation to Government-Wide Statement of Net Assets:		
Per Government-Wide Statement of Net Assets:		
Cash and cash equivalents	$	26,077,582
Fiduciary Funds (not included in Government-Wide Financial Statements):		
Agency Funds		3,937,541
Pension Trust Fund		9,097
Total	$	30,024,220

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. 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.

At December 31, 2011, the carrying amount of the Office's demand deposits and certificates of deposit were $30,013,815, and the bank balances were $49,237,876. Of the bank balances, $1,500,000 was covered by The Federal Deposit Insurance Corporation (FDIC). The FDIC provides insurance coverage only up to $250,000 for interest bearing accounts at each institution; in the event of a failure of an institution, the FDIC is not obligated to pay uninsured deposits. The FDIC has provided for unlimited coverage for non-interest bearing and low-interest accounts through December 31, 2012.

(2) CASH AND CASH EQUIVALENTS (continued)

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana R.S. 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 Office that the fiscal agent has failed to pay deposited funds upon demand.

(3) INVESTMENTS

As of December 31, 2011, the Office's investment balances were as follows:

U.S. Treasury Obligations	$ 1,672,498
Federal Agency Obligations	34,511,998
Money Market Funds	21,283,955
Interest Receivable	636,197
Total	$ 58,104,648

Reconciliation to Government-Wide Statement of Net Assets:	
Investments including accrued interest	$ 55,076,543
Per Government-Wide Statement of Net Assets Fiduciary Funds (not included in Government-Wide Financial Statements):	
Pension Trust, including interest receivable	3,028,105
	$ 58,104,648

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Office has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2011, the Office had the following investment types and maturities for investments subject to interest rate risk:

		Remaining Maturity (in Years)	
	Fair Value	Less Than One	1 – 5
U.S. Treasury Obligations	$ 1,672,498	$ 309,200	$ 1,363,298
Federal Agency Obligations	34,153,622	19,614,400	14,539,222
	$ 35,826,120	$ 19,923,600	$ 15,902,520

Credit Risk

As of December 31, 2011, the Office's investments in Federal Agency Obligations were rated AAA by Moody's Investors Service.

Concentration of Credit Risk

Excluding investments issued or guaranteed by the U.S. Government, the Office has no investments in any single organization that represent five percent or more of the Office's investments.

(4) INTERGOVERNMENTAL RECEIVABLES

The Office is authorized under state law to house inmates for Municipal, State, and Federal agencies. In accordance with contracts between the Office and these agencies, the Office bills the agencies a per diem amount for the housing of inmates.

Receivables at December 31, 2011 are as follows:

Custody of prisoners:	
City of New Orleans	$ 3,378,693
Federal Agencies	112,691
State of Louisiana	935,629
Parishes	319,773
	4,746,786
Other:	
FEMA Grants	14,787,932
LCLE and other grants	32,084
	$ 19,566,802

The Office provides an allowance for uncollectible amounts that are based upon historical collection information, existing economic conditions, and other relevant information.

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at December 31, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Funds	$ 816,404
General Fund	Capital Projects Fund	817,932
Internal Service Fund	General Fund	3,938,000
Debt Service Funds	General Fund	2,237,821
Agency Fund	General Fund	13,195
Non-Major Enterprise Funds	General Fund	61,313
		$ 7,884,665

All of the remaining balances result from the time lag between the dates that reimbursable expenditures occur, interfund goods and services are provided, and payments between funds are made. Periodically, the Commissary Fund (a non-major Enterprise Fund) transfers its operating profits to the General Fund.

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS-(continued)

A summary of interfund transfers for the year ended December 31, 2011 is as follows:

	Transfers In: General Fund	Total
Transfers Out:		
Capital Projects Fund	$ 149,435	$ 149,435
Non-major Governmental	715,373	715,373
Non-major Enterprise Funds	635,991	635,991
	$ 1,500,799	$ 1,500,799

(6) PREPAID EXPENSES

Payments made prior to December 31, 2011 that will benefit periods beyond December 31, 2011 are recorded as prepaid expenses. Prepaid expenses at December 31, 2011 consist of prepaid pension expense of $42,450.

(7) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011 are as follows:

	December 31, 2010	Additions	Disposals	December 31, 2011
Capital assets not being depreciated:				
Land	$ 6,031,547	$ -	$ -	$ 6,031,547
Construction in progress	37,876,690	64,163,049	(1,982,515)	100,057,224
Total non-depreciable assets	43,908,237	64,163,049	(1,982,515)	106,088,771
Capital assets being depreciated:				
Buildings and improvements	67,157,908	2,198,736	(16,478,337)	52,878,307
Operating equipment	2,909,352	4,670	(341,584)	2,572,438
Office furniture and equipment	5,134,781	167,876	(907,422)	4,395,235
Vehicles	8,047,767	377,248	(34,982)	8,390,033
Total depreciable assets	83,249,808	2,748,530	(17,762,325)	68,236,013
Totals	$ 127,158,045	$ 66,911,579	$ (19,744,840)	$ 174,324,784

(7) **CAPITAL ASSETS-(continued)**

	December 31, 2010	Additions	Disposals	December 31, 2011
Less accumulated depreciation:				
Buildings and improvements	$ 17,689,646	$ 2,804,120	$ (5,476,175)	$ 15,017,591
Operating equipment	1,395,450	310,784	(250,912)	1,455,322
Office furniture and equipment	4,715,392	94,534	(906,205)	3,903,721
Vehicles	6,223,052	987,776	(34,982)	7,175,846
Total accumulated depreciation	30,023,540	4,197,214	(6,668,274)	27,552,480
Capital assets, net	$ 97,134,505	$ 62,714,365	$ (13,076,566)	$ 146,772,304

Depreciation expense in the amount of $4,197,214 was charged to custody of inmates.

The Office recognized a loss on disposal of assets primarily related to the disposal of the buildings and improvements that were damaged during Hurricane Katrina in August of 2005. At the time of the disaster the Office wrote off the portion of assets that were destroyed and considered to be unusable. The original intent of the Office was to restore and renovate the buildings to be used again. During fiscal year 2011, additional assets were written off as a disposal in the government-wide financial statements for buildings and improvements that were demolished.

The Office has active construction projects as of December 31, 2011 totaling $100,057,224. Major continuing projects include the kitchen/warehouse/central plant, the 500-bed temporary jail and the inmate housing intake and processing center and administrative building. Major commitments at December 31, 2011 are approximately $160 million which will primarily be funded through FEMA grants.

(8) **PENSION PLANS**

The Orleans Parish Sheriff's Office provides pension benefits for substantially all of its employees through a defined contribution pension plan, a defined benefit pension plan, and a deferred compensation plan. All eligible employees hired before July 1, 1997 were given the option to remain in the defined contribution pension plan or participate in a new defined benefit plan. All full-time eligible employees hired on July 1, 1997 or thereafter, are required to participate in the new defined benefit plan. Part-time employees are required to participate in the defined contribution pension plan at their date of employment. Employee participation in the deferred compensation plan is optional.

(a) Defined Contribution Pension Plan

In the defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan requires that both the employees and the Office contribute to the plan.

(8) PENSION PLANS-(continued)

(a) Defined Contribution Pension Plan-(continued)

The Office contributes 9.8% of each participating employee's wages for those who are employed on the last day of the year or who have withdrawn during the year due to a minimum required distribution, retirement, disability or death. Participating employees are required to contribute 9.8% of their wages. Employees may also make additional voluntary contributions to the Plan. Such additional amounts are not matched wholly or in part by the Office. The maximum contribution an employee may make, which consists of both required and voluntary amounts, is 19.8% of the employee's wages. Employees become partially vested in the Office's contributions (and earnings allocated to the employee's account) after completing four years of service.

The vesting percentage increases annually until the employee completes eight years of service at which time they become fully vested.

Forfeitures of unvested portions are available to the Office to reduce future contributions.

The Office made contributions during the year ended December 31, 2011 of $129,667. Forfeitures of $3,131 in 2011 were credited to the benefit of the employer for the year ended December 31, 2011. The employees contributed to the Plan through payroll withholdings a total of $131,548 for the year ended December 31, 2011, which represents both the required and additional voluntary contributions.

(b) Defined Benefit Pension Plan

Effective July 1, 1997, the combined Offices' contributed to the Louisiana Sheriffs' Pension and Relief Fund (the "System"), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of sheriffs and their staffs, which is administered and controlled by a separate board of trustees. The System was established and provided for within LSA-RS 11:2171 of the Louisiana Revised Statutes.

Contributions of participating sheriffs, together with shared local and state revenues, are pooled within the System to fund accrued benefits. Both employer and employee contribution rates are approved by the Louisiana Legislature. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The System issues a 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 & Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana or by calling (225) 219-0500.

In addition to ad valorem and insurance premium taxes that are remitted to the System (which constitute the major funding of the System), plan members are currently required by state statute to contribute 10% of gross salary. The Sheriff is required to contribute at an actuarially determined rate. The current employer's rate is 12% of annual covered payroll for fiscal year 2011.

(8) PENSION PLANS-(continued)

(b) Defined Benefit Pension Plan (continued)

The contributions for the year ended December 31, 2011 were as follows:

	Amount	Percent of Covered Payroll
Employee	$ 3,344,469	10%
Employer	$ 4,094,335	12%

The Office's contributions to the System for the years ended December 31, 2010, 2009, and 2008 were $3,911,658, $3,200,965, and $3,192,321, respectively, which is equal to the required contribution for each year.

(c) Deferred Compensation Plan

Effective September 1, 2001, the Office adopted a deferred compensation plan administered by the Louisiana Deferred Compensation Commission. The Louisiana Public Employees Deferred Compensation Plan (the "Plan") was established pursuant to IRC Section 457 and Louisiana R.S. 43:1301-1308. For 2011, the Plan allowed employees to contribute up to the lesser of $16,500 for employees 49 years of age or younger; $22,000 for employees 50 years of age or older ($33,000 for those eligible for catch-up) or 100% of their salary. The Office matches contributions up to the lesser of $16,500 (employees 49 years of age or younger) or $22,000 (employees 50 years of age or older) or $33,000 for those eligible for catch-up or 9.8% of each participant's salary. Employees contributed through payroll withholdings a total of $1,079,609 and the Office made matching contributions of $990,153 for the year ended December 31, 2011.

(9) LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2011:

	Balance at December 31, 2010	Additions	Reductions	Balance at December 31, 2011	Due Within One Year
General Obligation Bonds (Series 2001): $27,000,000 originally issued with interest rates ranging from 3.75% to 5.00%, maturing March 1, 2002 through March 1, 2016, secured by collections of ad valorem taxes.	$ 7,490,000	$ -	$ (7,490,000)	$ -	$ -
General Obligation Bonds (Series 2008): $10,000,000 originally issued with interest rates ranging from 3.55% to 4.05%, maturing September 1, 2009 through September 1, 2018, secured by collections of ad valorem taxes.	8,000,000	-	(1,000,000)	7,000,000	1,000,000

(9) LONG-TERM DEBT OBLIGATIONS-(continued)

	Balance at December 31, 2010	Additions	Reductions	Balance at December 31, 2011	Due Within One Year
General Obligation Bonds (Series 2009): $10,000,000 originally issued with interest rates ranging from 3.35% to 3.80%, maturing September 1, 2010 through September 1, 2018, secured by collections of ad valorem taxes.	9,075,000	-	(970,000)	8,105,000	1,010,000
General Obligation Bonds (Series 2010): $15,000,000 originally issued with interest rates ranging from 3.0% to 4.0%, maturing September 1, 2011 through September 1, 2024, secured by collections of ad valorem taxes.	14,650,000	-	(720,000)	13,930,000	760,000
General Obligation Bonds (Series 2011): $5,000,000 originally issued with interest rates at 2.97% (interest payable beginning March 1, 2012; principal payable beginning September 1, 2012), maturing September 1, 2012 through September 1, 2026, secured by collections of ad valorem taxes.	-	5,000,000	-	5,000,000	300,000
Revenue Anticipation Notes (Series 2010): $6,000,000 originally issued with interest rate at 2.50%, matured in 2011, secured by revenues of the Office.	3,986,000	-	(3,986,000)	-	-
Revenue Anticipation Notes (Series 2011): $5,000,000 originally issued with interest rate at 2.50%, maturing June 30, 2012, secured by revenues of the Office.	-	3,986,000	-	3,986,000	3,986,000
Cooperative Endeavor Agreement with State of Louisiana: $17,256,120 originally issued with an interest rate of 4.64% (interest payable beginning January, 2012; principal payable beginning July, 2012), maturing July 15, 2026, secured by revenues of the Office.	17,256,120	-	-	17,256,120	821,602
	60,457,120	8,986,000	(14,166,000)	55,277,120	7,877,602

(9) LONG-TERM DEBT OBLIGATIONS-(continued)

Other liabilities:	Balance at December 31, 2010	Additions	Reductions	Balance at December 31, 2011	Due Within One Year
Claims and judgments	4,157,789	2,126,960	(2,343,960)	3,940,789	-
Accrued annual and sick leave	1,983,803	2,556,116	(2,293,808)	2,246,111	15,000
Other post employment liabilities	621,852	425,713	(138,260)	909,305	-
Bond premium, net of accumulated amortization	10,811	-	(3,663)	7,148	2,893
	$ 67,231,375	$14,094,789	$(18,945,691)	$ 62,380,473	$ 7,895,495

In May 2011, the Office renewed its Series 2010 revenue anticipation note with an original issue date of April 29, 2010. The Series 2011 revenue anticipation note has a principal amount of $5,000,000 and an annual interest rate of 2.50%. The maturity date of this note is June 30, 2012.

Following is a maturity summary of bond and note principal and interest expense:

Year Ending	Principal	Interest	Total
2012	$ 7,877,602	$ 2,060,402	$ 9,938,004
2013	3,994,724	1,859,973	5,854,697
2014	4,134,615	1,708,239	5,842,854
2015	4,281,358	1,544,452	5,825,810
2016	4,435,037	1,373,451	5,808,488
2017-2024	30,553,784	5,695,754	36,249,538
	$ 55,277,120	$ 14,242,271	$ 69,519,391

Interest expense on long-term debt for the year ended December 31, 2011 was $1,841,274.

In July 2006, the Office and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to $17,256,120 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2009 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. No principal or interest was payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64%. Principal payments on the bonds begin in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium. The Office has the right to request one extension of its obligation to begin payments under the loan not to exceed five years.

(9) LONG-TERM DEBT OBLIGATIONS-(continued)

On February 15, 2001, the District issued $27,000,000 of General Obligation Bonds (Series 2001), for repairing, renovating, improving, and constructing facilities for the Orleans Parish Sheriff's Office, District Attorney, District Courts, Clerk of District Court, Juvenile Court, and Municipal and Traffic Court. One half, or $13.5 million, was allocated to governmental agencies other than the Office.

The status of the funds allocated to the other agencies is as follows:

Agency	Original Balance	Transferred to other Agencies	Estimated Interest Earned	Remaining Balance at December 31, 2011
Orleans Parish District Attorney	$ 2,500,000	$ 1,173,357	$ 410,936	$ 1,737,579
Orleans Parish District Courts	8,500,000	1,201,536	1,397,184	8,695,648
Orleans Parish Clerk of District Courts	800,000	320,112	131,500	611,388
Orleans Parish Juvenile Court	1,000,000	5,085	164,375	1,159,290
Orleans Parish Municipal and Traffic Court	700,000	700,000	115,061	115,061
Restricted for intergovernmental transfers	$ 13,500,000	$ 3,400,090	$ 2,219,056	$ 12,318,966

On October 4, 2008, the voters of the Orleans Parish authorized the District to issue general obligation bonds not exceeding $63,225,000 for constructing, improving, renovating and repairing jails and other facilities for the Sheriff ($40,890,000), District Attorney ($3,290,000), Clerk of District Court ($2,825,000), Juvenile Court ($3,720,000), Municipal and Traffic Court ($7,500,000), and New Orleans Forensic Center ($5,000,000). The 20-year bonds are payable from ad valorem taxes. There have been four emissions of the bonds; $10,000,000 was issued December 1, 2008 and a second $10,000,000 was issued March 1, 2009 and $15,000,000 was issued March 1, 2010 and $5,000,000 was issued December 2, 2011.

(10) FUND BALANCE

Not in spendable form – This amount represents prepaid insurance expense and inventory.

Restricted – The general fund includes amounts restricted for encumbrances. The capital projects fund includes $35,864,490 restricted for capital improvements and $12,318,966 restricted for intergovernmental transfers (see footnote 9). The debt service fund includes amounts restricted for debt service.

(11) RISK MANAGEMENT

The Orleans Parish Sheriff's Office manages its risks internally and sets aside assets for claim settlements in its internal service fund, the Self Insurance Fund. The fund services claims for various risks of loss to which the Office is exposed, including general liability, property and casualty, and environmental. The Office has limited commercial insurance on some heavy equipment and buses. The Office also has physical damage policies for selected vehicles. The Office has some flood and property policies. The City of New Orleans provides workmen's compensation coverage.

Self Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The estimate for claims liability includes an estimate for incurred but not reported (IBNR) liabilities and also includes amounts for selected incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Attorney fees are recorded as incurred and are not included in the liability. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate.

The Orleans Parish Sheriff's Office is a defendant in various lawsuits pertaining to material matters. As of December 31, 2011, on the advice of legal counsel, $3,940,789 has been accrued in the Self Insurance Fund to fund outstanding claims. Changes in the balances of claims liabilities during the last two years were as follows:

Fiscal Year	Liability at Beginning	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End
2010	$ 4,322,789	$ 2,009,515	$ 2,174,425	$ 4,157,789
2011	$ 4,157,789	$ 2,126,960	$ 2,343,960	$ 3,940,789

(12) ON-BEHALF PAYMENTS

The accompanying basic financial statements do not include certain portions of the Office's expenses paid directly by the City of New Orleans. These expenses include certain building space, utilities, office supplies, gasoline and certain major repairs if any among others.

Hospitalization premiums, unemployment benefits, and workers' compensation premiums paid by the City of New Orleans on behalf of the Office totaled $4,880,915 and are included in the accompanying financial statements as revenues and expenditures in the General Fund. The recorded hospitalization includes the post employment benefit of health insurance to prior Criminal Sheriff retirees who either have thirty years of service; are a member of the Louisiana Sheriff's Pension & Relief Fund and retire with 20 years of service at 50 years of age or older; or are a member of the Orleans Parish Sheriff's Employees Retirement Plan with eight years of service and 55 years of age or older.

(13) COMPENSATION OF SHERIFF

In accordance with Louisiana Revised Statute 33:1421, the Sheriff of Orleans Parish was paid the following compensation for preserving the peace, arresting public offenders, and keeping of the jail. He is also the executive officer of the District.

Salary	$ 148,544
Expense allowance	$ 14,854

(14) ECONOMIC DEPENDENCY

The Office derives a material part of its revenues from per diem charges for the housing of federal, state, and municipal prisoners. These revenues are received from the City of New Orleans, other Parishes, the State of Louisiana Department of Corrections and various Federal agencies. For the year ended December 31, 2011, revenues from these sources totaled $35,216,162.

(15) CONTINGENCIES

Litigation

The Office is a defendant in various lawsuits. As discussed in note 11, the Office is self-insured with respect to claims. The Office and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome and to provide as estimate of its exposure to potential loss. This estimate could change in the near term due to the litigation environment.

Intergovernmental Assistance

The Office participates in certain local, state and federal financial assistance programs. Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Office expects the amount, if any, to be immaterial.

The Office of Inspector General – OIG has issued reports questioning FEMA's funding of $6,290,431 of costs relating to certain grants from 2005 through 2011 related to hurricane Katrina. Of the total questioned amounts approximately $2.9 million have been resolved as of December 31, 2011. No amounts have been accrued related to the remainder of the questioned costs as the ultimate outcome of this matter is undetermined at this time. The Office is not in agreement with the OIG's findings. As of December 31, 2011 the Sheriff's office and the legal counsel are certain that the remaining items will be resolved.

(16) NATURAL DISASTER

On August 29, 2005, Hurricane Katrina, a major hurricane, struck southeastern Louisiana and the Mississippi and Alabama Gulf Coast. The Office incurred significant hurricane-related expenses and property losses. As of December 31, 2011, the Office has received reimbursements from the Federal Emergency Management Association (FEMA) of $140,021,110.

(16) NATURAL DISASTER (continued)

Included in accounts receivable at December 31, 2011 is $13,512,530 of reimbursements from FEMA received within 60 days after December 31, 2011 and $1,279,308 of additional accruals related to FEMA. Of these amounts $1,279,308 of reimbursements were deferred at the fund level and recognized as revenue at the government-wide level. Unobligated FEMA grants, which are awaiting final approval and are expected to be reimbursed for $1,164,202 of recorded expenditures, are not recorded in accounts receivable. Advances and receipts for unrecorded expenses of $1,481,547 are recorded as a payable to the State of Louisiana, the pass through agency for FEMA funds. FEMA obligated grants total $218,428,788 at December 31, 2011.

(17) POST-EMPLOYMENT BENEFITS

The City of New Orleans is currently responsible for all OPEB's related to the Office, other than those described below. The benefits are paid directly by the City of New Orleans. These payments are included in the on-behalf payments made to the Office by the City of New Orleans. For the year ending December 31, 2011, the total on-behalf payments made were $4,880,915.

Criminal Division Other Post Employment Benefits

Criminal Plan Description:

The Orleans Parish Sheriff's life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the cost of retiree life insurance based on blended rates. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption as to time of actual retirement.

Contribution Rates:

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy:

Until 2010, the Orleans Parish Sheriff recognized the cost of providing post-employment life insurance benefits (the Orleans Parish Sheriff's portion of the retiree life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2011, the Office's portion of life insurance funding cost for retired employees totaled $19,288.

(17) POST-EMPLOYMENT BENEFITS (continued)

Criminal Division Other Post Employment Benefits (continued)

Annual Required Contribution:

The Orleans Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years has been used for the post-employment benefits. The actuarially computed ARC is as follows:

		Life Insurance
Normal Cost	$	25,728
30-year UAL amortization amount		41,738
Annual required contribution (ARC)	$	67,466

Net Post-employment Benefit Obligation:

The table below shows the Orleans Parish Sheriff's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2011:

		Life Insurance
Beginning Net OPEB Obligation 1/1/2011	$	45,583
Annual required contribution		67,466
Interest on Net OPEB Obligation		1,823
ARC Adjustment		(2,636)
OPEB Cost		66,653
Contribution		-
Current year retiree premium		(19,288)
Change in Net OPEB Obligation		47,365
Ending Net OPEB Obligation 12/31/2011	$	92,948

The following table shows the Orleans Parish Sheriff's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
December 31, 2011	$66,653	28.94%	$92,948

(17) POST-EMPLOYMENT BENEFITS (continued)

Criminal Division Other Post Employment Benefits (continued)

Funded Status and Funding Progress:

In the fiscal year ending December 31, 2011, the Orleans Parish Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2010 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2011 was $751,065, which is defined as that portion, as determined by a particular actuarial cost method (the Orleans Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

		2011
Actuarial Accrued Liability (AAL)	$	751,065
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	751,065
Funded Ratio (Actuarial Valuation Assets/AAL)		0%
Covered Payroll (active plan members)	$	27,334,000
UAAL as a percentage of covered payroll		2.7%

Actuarial Methods and Assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Orleans Parish Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Orleans Parish Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Orleans Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

(17) POST-EMPLOYMENT BENEFITS (continued)

Criminal Division Other Post Employment Benefits (continued)

Actuarial Cost Method:

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree life insurance in each future year is determined by projecting the current cost levels using the healthcare cost trend rate–and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets:

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification will be used.

Turnover Rate:

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

Age	Percent Turnover
18 - 25	20.0%
26 - 40	12.0%
41 - 54	8.0%
55+	6.0%

Post Employment Benefit Plan Eligibility Requirements:

Historically, employees have typically entered D.R.O.P. after age 55 and 18 years of service. We have therefore assumed that employees retire three years after that historical D.R.O.P. entry age as just described. The three years is to accommodate the D.R.O.P. period. Life insurance benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate):

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

(17) POST-EMPLOYMENT BENEFITS (continued)

Criminal Division Other Post Employment Benefits (continued)

Health Care Cost Trend Rate:

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate:

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits:

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. Life insurance coverage in the amount of $10,000 is continued to retirees and the blended rate for active employees and retirees is $0.40 per month per $1,000 of insurance. The employer pays 100% of the "cost" of life insurance after retirement for the retiree, but it is based on the blended active/retired rate and there is thus an implied subsidy. Since the GASB Codification requires the use of "unblended" rates, the 94GAR mortality table described below is used to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Inflation Rate:

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases:

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases:

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

(17) POST-EMPLOYMENT BENEFITS (continued)

Criminal Division Other Post Employment Benefits (continued)

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	December 31, 2009	December 31, 2010	December 31, 2011
OPEB Cost	$ -	$ 64,871	$ 66,653
Contribution	-	-	-
Retiree premium	-	(19,288)	(19,288)
Total contribution and premium	-	(19,288)	(19,288)
Change in net OPEB obligation	$ -	$ 45,583	$ 47,365
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	0.00%	29.73%	28.94%

Civil Division Other Post Employment Benefits

Civil Plan Description:

The Orleans Parish Sheriff-Civil Division's medical, dental and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service.

Dental insurance coverage is provided to retirees. The employer pays 100% of the cost of the dental insurance for the retirees but not for dependents. We have used the unblended rates provided. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

Life insurance coverage is continued to retirees by election and the blended rate for active employees and retirees is $0.348 per $1,000 of insurance. The employer pays 100% of the cost of life insurance after retirement for the retiree, but it is based on the blended active/retired rate and there is thus an implied subsidy. Since GASB Codification requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

(17) POST-EMPLOYMENT BENEFITS (continued)

Civil Division Other Post Employment Benefits (continued)

Contribution Rates:

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy:

In the fiscal years prior to July 1, 2009, the Orleans Parish Sheriff-Civil Division recognized the cost of providing post-employment medical, dental and life insurance benefits (the Orleans Parish Sheriff-Civil Division's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2011, the Office's portion of health care and life insurance funding cost for retired employees totaled $81,102.

Annual Required Contribution:

The Orleans Parish Sheriff-Civil Division's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

		2011
Normal Cost	$	135,050
30-year UAL amortization amount		198,404
Annual required contribution (ARC)	$	333,454

Net Post-employment Benefit Obligation:

The table below shows the Orleans Parish Sheriff-Civil Division's Net Other Post Employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2011:

		2011
Beginning Net OPEB Obligation 1/1/2011	$	574,244
Annual required contribution		333,454
Interest on Net OPEB Obligation		22,970
ARC Adjustment		(33,209)
OPEB Cost		323,215
Contribution		-
Current year retiree premium		(81,102)
Change in Net OPEB Obligation		242,113
Ending Net OPEB Obligation 12/31/2011	$	816,357

(17) POST-EMPLOYMENT BENEFITS (continued)

Civil Division Other Post Employment Benefits (continued)

The following table shows the Orleans Parish Sheriff-Civil Division's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
December 31, 2011	\$323,215	25.09%	\$816,357

Funded Status and Funding Progress:

In 2011, the Orleans Parish Sheriff-Civil Division made no contributions to its post employment benefits plan. The plan is not funded at all, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2009 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2011 was \$3,567,999 which is defined as that portion, as determined by a particular actuarial cost method (the Orleans Parish Sheriff-Civil Division uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

		December 31,2011
Actuarial Accrued Liability (AAL)	\$	3,567,999
Actuarial Value of Plan Assets		-
Unfunded Act. Accrued Liability (UAAL)	\$	3,567,999
Funded Ratio (Actuarial Value Assets/AAL)		0%
Covered Payroll (active plan members)	\$	4,403,000
UAAL as a percentage of covered payroll		81%

Actuarial Methods and Assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

(17) POST-EMPLOYMENT BENEFITS (continued)

Civil Division Other Post Employment Benefits (continued)

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Orleans Parish Sheriff-Civil Division and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Orleans Parish Sheriff-Civil Division and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Orleans Parish Sheriff-Civil Division and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method:

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets:

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in the GASB Codification.

Turnover Rate:

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5%.

Post Employment Benefit Plan Eligibility Requirements:

Historically, employees have retired after age 55 and 25 years of service or at 30 years of service, if sooner. We have therefore assumed that employees retire three years after that historical retirement age as just described. The three years is to accommodate the D.R.O.P. period. Medical, dental and life insurance benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate):

GASB Codification states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

(17) POST-EMPLOYMENT BENEFITS (continued)

Civil Division Other Post Employment Benefits (continued)

Health Care Cost Trend Rate:

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2010 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate:

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Since the GASB Codification requires the use of "unblended" rates, the 94GAR mortality table described above is used to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits:

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB Codification for valuation purposes to be 130% of the blended rates prior to Medicare eligibility.

Inflation Rate:

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases:

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases:

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

(17) POST-EMPLOYMENT BENEFITS (continued)

Civil Division Other Post Employment Benefits (continued)

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

OPEB Costs and Contributions

	December 31, 2009	December 31, 2010	December 31, 2011
OPEB Cost	$ 462,446	$ 314,553	$ 323,215
Contribution	-	-	-
Retiree premium	(121,653)	(81,102)	(81,102)
Total contribution and premium	(121,653)	(81,102)	(81,102)
Change in net OPEB obligation	$ 340,793	$ 233,451	$ 242,113
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	26.31%	25.78%	25.09%

(18) SUBSEQUENT EVENTS

The OIG issued a memorandum to FEMA dated May 30, 2012 relating to a current audit of $178 million of FEMA public assistance funds awarded to the Office since Hurricane Katrina, which occurred in August 2005. The memorandum is questioning certain reimbursements for work that was related to or funded from projects related to properties that the Office may not own. The memorandum provides for the Office and the City of New Orleans (City) to reach a legally binding agreement regarding ownership and legal responsibility for these properties within six months of the date of this memorandum. The Office and the City have been in discussions and are in process of completing the legally binding agreement relating to the ownership of the properties and the Office fully expects the issue to be resolved within the six month period.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES:				
Custody of prisoners:				
City of New Orleans charges	$ 21,987,975	$ 24,035,000	$ 23,762,489	$ (272,511)
State of Louisiana Department of Corrections charges	11,100,000	9,895,000	9,866,429	(28,571)
Federal charges	1,642,500	950,000	920,066	(29,934)
Other charges	722,000	674,000	667,178	(6,822)
Civil fees and commissions	8,610,000	7,150,000	7,338,542	188,542
Security services	1,721,000	1,721,000	1,634,068	(86,932)
On-behalf payments	5,000,000	5,000,000	4,880,915	(119,085)
Other income	4,571,000	3,775,000	3,999,411	224,411
State supplemental pay	3,228,000	3,067,000	3,074,997	7,997
Federal and state grants	72,055,000	76,192,000	66,621,312	(9,570,688)
Total revenues	130,637,475	132,459,000	122,765,407	(9,693,593)
EXPENDITURES:				
Central services	5,840,721	5,611,083	5,007,109	(603,974)
Court services	3,772,323	4,036,139	3,718,916	(317,223)
Security services	20,087,431	20,068,535	21,430,955	1,362,420
Administrative services	8,214,620	9,752,296	9,272,313	(479,983)
Records and booking	3,521,998	4,499,283	4,184,945	(314,338)
Inmate services	11,779,026	11,575,474	11,437,360	(138,114)
Interest	50,000	100,195	100,107	(88)
Debt retirement	3,986,000	3,986,000	3,986,000	-
Grants and special programs	1,426,365	1,804,777	1,169,011	(635,766)
Plant and maintenance and capital outlays	85,102,816	82,257,873	69,425,104	(12,832,769)
Total expenditures	143,781,300	143,691,655	129,731,820	(13,959,835)
Deficiency of revenues over expenditures	(13,143,825)	(11,232,655)	(6,966,413)	4,266,242
OTHER FINANCING SOURCES (USES):				
Proceeds from bonds	-	3,986,000	3,986,000	-
Transfers in	9,650,000	636,000	1,500,799	864,799
Total other financing sources	9,650,000	4,622,000	5,486,799	864,799
Net change in fund balance	(3,493,825)	(6,610,655)	(1,479,614)	5,131,041
FUND BALANCES, BEGINNING	4,198,078	3,968,290	3,968,290	-
FUND BALANCES, ENDING	$ 704,253	$ (2,642,365)	$ 2,488,676	$ 5,131,041

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES:				
Investment income	$ 275,000	$ 160,000	$ 168,226	$ 8,226
Ad valorem tax revenue	7,000,000	7,035,000	7,047,750	12,750
Total revenues	7,275,000	7,195,000	7,215,976	20,976
EXPENDITURES:				
Debt retirement	4,030,000	10,180,000	10,180,000	-
Interest payments	1,538,410	1,437,618	1,437,618	-
Miscellaneous	500	-	-	-
Total expenditures	5,568,910	11,617,618	11,617,618	-
Excess (deficiency) of revenues over expenditures	1,706,090	(4,422,618)	(4,401,642)	20,976
Net change in fund balance	1,706,090	(4,422,618)	(4,401,642)	20,976
FUND BALANCES, BEGINNING	24,775,362	24,877,153	24,877,153	-
ESTIMATED ENDING FUND BALANCE	26,481,452	20,454,535	20,475,511	20,976
Less Go Zone restricted future payments	(17,256,122)	(17,256,122)	(17,256,122)	-
FUND BALANCES, ENDING	$ 9,225,330	$ 3,198,413	$ 3,219,389	$ 20,976

See Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL
SPECIAL REVENUE FUNDS
DECEMBER 31, 2011

	Scholarship Fund	Elderly Victims Fund	Benevolent Fund	Total
ASSETS:				
Total assets	$ -	$ -	$ -	$ -
LIABILITIES:				
Total liabilities	-	-	-	-
FUND BALANCES:				
Total fund balances	-	-	-	-
Total liabilities and fund balances	$ -	$ -	$ -	$ -

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Scholarship Fund	Elderly Victims Fund	Benevolent Fund	Total
REVENUES:				
Investment income	$ -	$ 1,013	$ 2	$ 1,015
Other income	-	21,480	-	21,480
Total revenues	-	22,493	2	22,495
EXPENDITURES:				
Miscellaneous	-	89,120	1,427	90,547
Total expenditures	-	89,120	1,427	90,547
Deficiency of revenues over expenditures	-	(66,627)	(1,425)	(68,052)
TRANSFERS:				
Transfers out	(11,645)	(701,570)	(2,158)	(715,373)
FUND BALANCES, BEGINNING	11,645	768,197	3,583	783,425
FUND BALANCES, ENDING	$ -	$ -	$ -	$ -

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011

ASSETS

	Commissary	Community Service Funds	Total Non-Major Enterprise Funds
CURRENT ASSETS:			
Interfund receivable	$ 59,955	$ 1,358	$ 61,313
Total current assets	59,955	1,358	61,313

NET ASSETS

	Commissary	Community Service Funds	Total Non-Major Enterprise Funds
NET ASSETS:			
Unrestricted	59,955	1,358	61,313
Total net assets	$ 59,955	$ 1,358	$ 61,313

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Commissary	Community Service Funds	Total Non-Major Enterprise Funds
OPERATING REVENUES:			
Sales	$ 682,986	$ -	$ 682,986
Less: cost of goods sold	(2,958)	-	(2,958)
Gross profit	680,028	-	680,028
Total operating revenues	680,028	-	680,028
OPERATING EXPENSES:			
Personnel costs	44,037	-	44,037
Total operating expenses	44,037	-	44,037
Operating income	635,991	-	635,991
TRANSFERS:			
Transfers out	(635,991)	-	(635,991)
Change in net assets	-	-	-
NET ASSETS, BEGINNING	59,955	1,358	61,313
NET ASSETS, ENDING	$ 59,955	$ 1,358	$ 61,313

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Commissary	Community Service Fund	Total Non-Major Enterprises Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from inmates and customers	$ 682,986	$ -	$ 682,986
Cash paid to suppliers	(2,958)	-	(2,958)
Cash paid to employees	(44,037)	-	(44,037)
Net cash flows provided by operating activities	635,991	-	635,991
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash paid to other funds	(635,991)	-	(635,991)
Net cash flows used in noncapital financing activities	(635,991)	-	(635,991)
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning	-	-	-
Cash and cash equivalents, ending	$ -	$ -	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	$ 635,991	$ -	$ 635,991
Net cash provided by operating activities	$ 635,991	$ -	$ 635,991

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2011

	Fines	Criminal Justice	Property Room	Cash Bonds and Fines	Civil	Total Agency
ASSETS:						
Cash	$ 3,461	$ 100	$ 271,076	$ 54,105	$ 3,608,799	$ 3,937,541
Other receivables	-	-	21,682	-	-	21,682
Interfund receivable	-	-	13,195	-	-	13,195
Deposits	-	-	40,000	-	-	40,000
Total assets	3,461	100	345,953	54,105	3,608,799	4,012,418
LIABILITIES:						
Due to inmates and others	2,156	-	345,953	7,649	2,840,256	3,196,014
Interfund payable	1,305	100	-	46,456	768,543	816,404
Total liabilities	3,461	100	345,953	54,105	3,608,799	4,012,418
NET ASSETS	$ -	$ -	$ -	$ -	$ -	$ -

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF ACTIVITIES - EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010, AND 2009

	2011	2010	2009
Functions/Programs			
Governmental activities:			
Custody of inmates:			
Personnel	$ 45,908,348	$ 46,961,363	$ 38,638,385
Contractual	11,509,948	11,123,414	8,227,010
Materials and supplies	7,187,250	9,100,055	8,677,995
Depreciation	4,197,215	5,040,030	4,962,694
Total custody of inmates	68,802,761	72,224,862	60,506,084
Interest on long-term debt	1,841,274	2,121,798	1,968,705
Total governmental activities	$ 70,644,035	$ 74,346,660	$ 62,474,789

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE BALANCE SHEETS - GENERAL FUND
DECEMBER 31, 2011, 2010, AND 2009

	2011	2010	2009
ASSETS:			
Cash and cash equivalents	$ 14,196,483	$ 7,941,093	$ 8,726,774
Investments plus accrued interest	-	999,508	-
Intergovernmental receivables	19,566,802	12,269,183	9,763,611
Interfund receivables	1,634,336	868,754	466,852
Other receivables	916,627	1,218,862	929,967
Prepaid expenses	42,450	37,438	32,174
Inventory	864,737	907,472	1,034,968
Total assets	$ 37,221,435	$ 24,242,310	$ 20,954,346
LIABILITIES:			
Accounts payable	$ 27,188,122	$ 10,317,327	$ 9,696,688
Interfund payables	6,250,329	6,751,828	8,248,281
Deferred revenue	1,279,308	3,189,865	2,497,265
Accrued annual and sick leave	15,000	15,000	15,000
Total liabilities	34,732,759	20,274,020	20,457,234
FUND BALANCES:			
Nonspendable amounts:			
Not in spendable form	907,187	944,910	1,067,142
Restricted	508,834	292,935	733,179
Unassigned	1,072,655	2,730,445	(1,303,209)
Total fund balance	2,488,676	3,968,290	497,112
Total liabilities and fund balances	$ 37,221,435	$ 24,242,310	$ 20,954,346

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010, AND 2009

	2011	2010	2009
REVENUES:			
Custody of inmates:			
City of New Orleans charges	$ 23,762,489	$ 24,255,624	$ 26,736,149
State of Louisiana Department of Corrections charges	9,866,429	10,263,648	6,910,823
Federal charges	920,066	1,792,753	1,968,630
Other charges	667,178	742,727	166,777
Civil fees and commissions	7,338,542	4,935,785	-
Security services	1,634,068	1,181,685	-
Investment income	6,432	18,354	25,386
On-behalf payments	4,880,915	4,858,501	5,343,490
Other income	2,823,154	2,834,369	2,904,458
State supplemental pay	3,074,997	2,937,820	2,541,894
Federal grants	66,621,312	31,311,957	12,202,798
Restitution/administration	638,839	743,448	476,558
Release processing fees	530,986	548,867	401,642
Total revenues	122,765,407	86,425,538	59,678,605
EXPENDITURES:			
Central services	5,007,109	5,686,776	3,284,725
Court services	3,718,916	3,896,512	3,974,851
Security services	21,430,955	22,154,090	19,026,874
Administrative services	9,272,313	8,672,191	2,983,205
Records and booking	4,184,945	4,200,480	6,296,249
Inmate services	11,437,360	12,250,225	11,870,684
Grants and special programs	1,169,011	1,027,866	321,724
Plant and maintenance	5,383,908	7,078,125	9,917,568
Miscellaneous	-	3,820	794
Debt retirement	3,986,000	-	-
Interest payments	100,107	50,105	-
Capital outlays	64,041,196	27,098,477	7,731,326
Total expenditures	129,731,820	92,118,667	65,408,000
Deficiency of revenues over expenditures	(6,966,413)	(5,693,129)	(5,729,395)
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:			
Proceeds from notes	3,986,000	3,986,000	-
Proceeds from sale of assets	-	-	3,600
Transfers in	1,500,799	3,978,842	1,809,471
Transfers out	-	(2,442,838)	-
Total other financing sources, including transfers	5,486,799	5,522,004	1,813,071
Net changes in fund balances	(1,479,614)	(171,125)	(3,916,324)
FUND BALANCES, BEGINNING	3,968,290	497,112	4,413,436
MERGER OF CIVIL SHERIFF EQUITY AT MAY 2, 2010	-	3,642,303	-
FUND BALANCES, ENDING	$ 2,488,676	$ 3,968,290	$ 497,112

See Auditor's Report.

SINGLE AUDIT SECTION

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Funding Agencies/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures	
U.S. Department of Justice				
Pass-Through Awards:				
Office of Justice Programs, Bureau of Justice Assistance Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice				
Edward Byrne Memorial Justice Formula Grant - Crime Activity Patrol	16.738	B08-9-003	$ 28,841	
Edward Byrne Memorial Justice Formula Grant - Crime Activity Patrol	16.738	B10-9-003	14,614	
Edward Byrne Memorial Justice Formula Grant - Intensive Incarceration	16.738	B09-9-004	69,516	
Passed through City of New Orleans				
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-1664	3,560	
Passed through New Orleans Police and Justice Foundation				
Edward Byrne Memorial Justice Assistance Grant	16.738	Y07-8-005	1,359	
Total Justice Assistance Grant Cluster			117,890	
Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice				
Juvenile Accountability Incentive Block Grants (JAIBG)				
Curfew Center	16.523	A08-8-023	33,363	
Curfew Center	16.523	A09-8-022	13,091	
Total Juvenile Justice and Deliquency Pevention			46,454	
Total U.S. Department of Justice			164,344	
U.S. Department of Homeland Security				
Pass-Through Awards:				
Louisiana Office of Homeland Security and Emergency Preparedness				
Disaster Grants - Public Assistance	97.036	FEMA	63,377,337	(M)
Law Enforcement Terrorism Prevention Program	97.067	2008-GE-T8-0013	60,549	
Total U.S. Department of Homeland Security			63,437,886	
U.S. Department of Health and Human Services				
Pass-Through Awards:				
State of Louisiana, Department of Health and Hospitals Office of Public Health				
HIV Prevention Activities - Health Department Based	93.943	326-104717	75,058	
Total U.S. Department of Health and Human Services			75,058	
Total Federal Awards			$ 63,677,288	

(M) - Represents a "Major" program under OMB Circular A-133

Notes to the Schedule of Expenditures of Federal Awards

Note 1
This schedule of expenditures of federal awards includes the federal grant activity of the Orleans Parish Sheriff's Office and is presented on the 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 preparation of, the basic financial statements.

See Auditor's Report.

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

The Honorable Marlin N. Gusman
Orleans Parish Sheriff's Office:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2011, which collectively comprise the Office's basic financial statements and have issued our report thereon dated June 28, 2012. 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

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office'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 Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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 solely for the information and use of the Office, the Office's management; federal, state and city 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

New Orleans, Louisiana
June 28, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Marlin N. Gusman
Orleans Parish Sheriff's Office:

Compliance

We have audited the Orleans Parish Sheriff's Office's (the Office) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The Office'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 each of its major federal programs is the responsibility of the Office's management. Our responsibility is to express an opinion on the Office'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 Office'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 Office's compliance with those requirements.

In our opinion, the Office complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Office's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test

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and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

This report is intended solely for the information and use of the Office, the Office's management; federal, state and city 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

New Orleans, Louisiana
June 28, 2012

ORLEANS PARISH SHERIFF'S OFFICE

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

(1) Summary of Auditors' Results

(a) The type of report issued on the basic financial statements: unqualified opinion

(b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: no; Material weaknesses: no

(c) Noncompliance which is material to the financial statements: no

(d) Significant deficiencies in internal control over major program: no; Material weaknesses: no

(e) The type of report issued on compliance for major program: unqualified opinion

(f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: no

(g) Major programs:

United States Department of Homeland Security – Disaster Grants
- CFDA No. 97.036 Public Assistance

(h) Dollar threshold used to distinguish between Type A and Type B programs: $1,910,319

(i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

(2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: none

(3) Findings and Questioned Costs relating to Federal Awards: none

ORLEANS PARISH SHERIFF'S OFFICE
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2011

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No Findings	
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No Findings	
SECTION III MANAGEMENT LETTER	
No Findings	