

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**FINANCIAL REPORT**

**June 30, 2010**

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

Release Date 1/5/11



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**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

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**Baton Rouge, Louisiana**

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2010, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the combined fiduciary funds of the East Baton Rouge Parish Sheriff as of June 30, 2010, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2010 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the budgetary comparison information, and the schedule of funding progress for the Sheriff's other post-employment benefit plan on pages 3 through 10, pages 31 through 32, and page 33, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The supplemental schedules contained on pages 34 through 36 are the responsibility of the Sheriff's management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Postlethwaite + Netterville*

Baton Rouge, Louisiana  
December 27, 2010

EAST BATON ROUGE PARISH SHERIFF  
Baton Rouge, Louisiana

Management's Discussion and Analysis

This section of the East Baton Rouge Parish Sheriff's (the Sheriff's) annual financial report provides our narrative discussion and analysis of the financial activities of the Sheriff for the fiscal years ended June 30, 2010 and 2009. The Sheriff's financial performance is discussed and analyzed within the context of the financial statements and disclosures, which follow this section.

Financial Highlights

- The Sheriff's assets exceeded its liabilities by \$24.3 million and \$26.2 million (net assets) for the fiscal years ended June 30, 2010 and 2009, respectively.
- Total revenues of \$76.2 million were exceeded by total expenses of \$78 million, resulting in a deficit change in net assets of \$1.8 million for the year ended June 30, 2010. For the year ended June 30, 2009, total revenues of \$72.6 million were exceeded by total expenses of \$74.5 million, resulting in a deficit change in net assets of \$1.9 million for that year.
- The Sheriff's governmental funds report total ending fund balances of approximately \$22.2 and \$22.6 million as of June 30, 2010 and 2009, respectively.
- Total net assets are comprised of the following:
  - (1) Capital assets of \$10.5 million and \$9.2 million for the years ended June 30, 2010 and 2009, respectively, net of related debt of \$ -0-. Capital assets include property and equipment net of accumulated depreciation.
  - (2) Restricted net assets of \$966,480 and \$866,133 for the years ended June 30, 2010 and 2009, respectively. These assets consist primarily of tax collection accounts or seized assets whose use is restricted.
  - (3) Unrestricted net assets of \$12.8 million and \$16.1 million for the years ended June 30, 2010 and 2009, respectively.

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

EAST BATON ROUGE PARISH SHERIFF  
Baton Rouge, Louisiana

Management's Discussion and Analysis

Overview of the Financial Statements

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

***Government-wide Financial Statements***

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

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by taxpayers.

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

***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds, rather than the Sheriff as a whole.

The Sheriff uses governmental funds and fiduciary funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The governmental fund financial statements are presented on pages 13 through 16 of this report.

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

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

***Notes to the basic financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations and the other post-employment benefit plan. Budgetary comparison statements are included as "required supplementary information" for the general and special revenue fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 31 and 33 of this report.

**Financial Analysis of the Sheriff as a Whole**

The Sheriff's net assets are \$24,394,590 and \$26,219,497 at June 30, 2010 and 2009, respectively. The following table provides a summary of the Sheriff's net assets:

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

**Summary of Net Assets**

	June 30, 2010		June 30, 2009	
	Governmental Activities	Percentage Total	Governmental Activities	Percentage Total
<b>Assets:</b>				
Current assets	\$ 25,361,745	71%	\$ 24,934,533	73%
Capital assets	10,543,068	29%	9,244,954	27%
Total assets	35,904,813	100%	34,179,487	100%
<b>Liabilities:</b>				
Current liabilities	3,130,506	27%	2,286,260	29%
Long-term liabilities	8,379,717	73%	5,673,729	71%
Total liabilities	11,510,223	100%	7,959,989	100%
<b>Net assets:</b>				
Investment in capital assets	10,543,068		9,244,954	
Restricted	966,480		866,133	
Unrestricted	12,885,042		16,108,410	
Total net assets	\$ 24,394,590		\$ 26,219,497	

Net assets of \$24,394,590 and \$26,219,497 at June 30, 2010 and 2009, respectively, were \$1,824,907 less than and \$1,867,215 less than net assets for the previous year. The Sheriff has \$10,543,068 and \$9,244,954 invested in capital assets at June 30, 2010 and 2009, respectively. Current assets exceed current liabilities by \$22,231,239 and \$22,648,273 at June 30, 2010 and 2009, respectively. Long-term liabilities consisting primarily of the net post-employment benefit obligation and compensated leave accrued were \$8,379,717 versus \$5,673,729 at June 30, 2010 and 2009, respectively. The increase in long-term liabilities of \$2,705,988 is largely attributable to the post employment benefits obligation as determined by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pension*.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

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

**Summary of Changes in Net Assets**

	<u>June 30, 2010</u>		<u>June 30, 2009</u>	
	<u>Governmental</u>	<u>Percentage</u>	<u>Governmental</u>	<u>Percentage</u>
	<u>Activities</u>	<u>of Total</u>	<u>Activities</u>	<u>of Total</u>
<b>Revenues:</b>				
<b>Program:</b>				
Fees, charges and commissions for services	\$ 18,399,935	24%	\$ 18,669,000	26%
Operating grants and contributions	<u>2,290,314</u>	<u>3%</u>	<u>2,091,632</u>	<u>2%</u>
	20,690,249	27%	20,760,632	28%
<b>General:</b>				
Ad valorem taxes	49,808,390	65%	47,232,615	65%
Grants not restricted to specific programs	4,330,757	6%	3,660,877	5%
Interest income	242,613	.5%	307,214	.5%
Proceeds from sale of fixed assets/ gain on sale of fixed assets	209,156	.5%	156,287	.5%
Miscellaneous	<u>923,141</u>	<u>1%</u>	<u>516,735</u>	<u>1%</u>
Total revenues	<u>76,204,306</u>	<u>100%</u>	<u>72,634,360</u>	<u>100%</u>
<b>Program expenses:</b>				
Public safety	<u>78,029,213</u>	<u>100%</u>	<u>74,501,575</u>	<u>100%</u>
Total expenses	<u>78,029,213</u>	<u>100%</u>	<u>74,501,575</u>	<u>100%</u>
Change in net assets	(1,824,907)		(1,867,215)	
Beginning net assets	<u>26,219,497</u>		<u>28,086,712</u>	
Ending net assets	<u>\$ 24,394,590</u>		<u>\$ 26,219,497</u>	

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

**REVENUES**

Taxpayers funded 65.3% and 65.0% of the Sheriff's operations in the form of property taxes, grants and the Sheriff's other general revenues for the years ended June 30, 2010 and 2009, respectively. Program revenues funded 26.5% and 27.9% of governmental operating expenses for the years ended June 30, 2010 and 2009, respectively.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

The total function of the Sheriff's office is public safety activities. Therefore, all expenses are presented within this category. To highlight certain components of this broad category of expenses, we offer the following analysis.

Depreciation of office equipment, vehicles, buildings and all other capital assets for the years ended June 30, 2010 and 2009 was \$3,116,369 (4% of total expenses) and \$2,116,829 (2.8% of total expenses), respectively. Personnel expenses were \$52,234,493 and \$49,384,824 for the years ended June 30, 2010 and 2009, respectively. The increased personnel expenses are attributable to pay increases and increased health care costs.

Financial Analysis of the Sheriff's Funds

*Governmental funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$22,231,239 and \$22,648,272 at June 30, 2010 and 2009, respectively. The fund balance as of June 30, 2010 represents approximately 29% of annual expenditures. This level of fund balance will allow the Sheriff to sustain operations during periods of decreased revenues without obtaining significant outside borrowings.

*Major Governmental Funds*

The General Fund is the Sheriff's primary operating fund. Total General Fund revenues increased by approximately \$3.5 million in the fiscal year 2010 from fiscal year 2009 and by approximately \$4.5 million in fiscal year 2009 from fiscal year 2008, with the most significant increase for fiscal year 2010 coming from a \$2.6 million increase in ad valorem taxes; the most significant increase for fiscal year 2009 was a \$4.4 million increase in ad valorem taxes. Total expenditures in the General Fund increased from the previous fiscal year by \$3 million and by \$6.2 million in the years ended June 30, 2010 and 2009, respectively. The most significant increases in expenditures for the year ended June 30, 2010 were in personnel services and related benefits (\$2.8 million). The most significant increases in expenditures for the year ended June 30, 2009 were in personnel services and related benefits (\$3.5 million), and materials and supplies (\$1.9 million). Total revenues (exclusive of the proceeds of sales of assets) for the General Fund were exceeded by total expenditures by approximately \$725,000 and \$1.0 million for the year ended June 30, 2010, and 2009, respectively, resulting in ending fund balances of \$21.9 million and \$22.3 million, respectively.

EAST BATON ROUGE PARISH SHERIFF  
Baton Rouge, Louisiana

Management's Discussion and Analysis

Budgetary Highlights

***The General Fund*** — The original budgets for the General Fund included anticipated revenues of approximately \$72.6 million and \$68.5 million for the years ended June 30, 2010 and 2009, respectively, an increase of approximately \$4.1 million and \$4.9 million for these years from the prior year. For the fiscal year ended June 30, 2010, the budget was amended to reflect increases in various revenue accounts totaling approximately \$2.2 million; however, the total actual revenues of \$75.5 million, as reported in the General Fund, exceeded the amended budget by approximately \$726,000.

The original budgets for the General Fund included anticipated expenditures of approximately \$73.7 million and \$71.5 million for the years ended June 30, 2010 and 2009, respectively, an increase of approximately \$2.2 million and \$8.8 million for these years from the prior year. For the year ended June 30, 2010, the budget was amended to reflect an increase of approximately \$3.1 million in anticipated expenditures, most significantly in the areas of operating services; however, the total actual expenditures of \$76.2 million was approximately \$0.6 million less than total anticipated expenditures of \$76.9 million on the amended budget.

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

Capital Assets and Debt Administration

***Capital assets***

The Sheriff's investment in capital assets was \$10,543,068, net of accumulated depreciation of \$12,450,152 at June 30, 2010 and \$9,244,954, net of accumulated depreciation of \$12,086,917 at June 30, 2009. Under the Sheriff's capitalization policy, assets with a cost of \$5,000 or more are capitalized for purposes of financial reporting. All assets with a cost of \$500 or more, as well as certain assets with a cost of less than \$500, are inventoried and tracked. See Note 3 for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

**EAST BATON ROUGE PARISH SHERIFF**  
Baton Rouge, Louisiana

**Management's Discussion and Analysis**

The following table provides a summary of capital asset categories.

**Capital Assets**  
**(net of accumulated depreciation where applicable)**

	<u>6/30/2010</u>	<u>6/30/2009</u>
Land	\$ 43,560	\$ 43,560
Buildings	2,148,461	1,939,877
Vehicles	5,503,971	4,409,427
Office furniture & equipment	108,136	228,573
Law enforcement equipment	786,699	565,545
Telecommunications equipment	<u>1,952,241</u>	<u>2,057,972</u>
Total capital assets	<u>\$ 10,543,068</u>	<u>\$ 9,244,954</u>

At June 30, 2010 and 2009, respectively, the depreciable capital assets for governmental activities were 52% and 57% depreciated.

***Long-term liabilities***

The Sheriff had no long-term bonded debt or borrowings for the fiscal years ended June 30, 2010 and 2009. However, long-term liabilities for post employment health benefits of \$3,178,491, for self-insured health claims of \$745,000, and for compensated absences of \$4,456,226 have accrued to the Sheriff as of June 30, 2010. This represents an increase of \$2,705,988 in long-term liabilities since June 30, 2009.

**Economic Conditions and Budgets of Future Periods**

In setting the fiscal 2010-2011 budget, a growth rate of approximately 4% was anticipated for property tax revenue. This assessed rate of growth is consistent with recent experience. Expenditures were increased over 2010 levels in anticipation of the revenue growth. However, assessments for the Parish, which were finalized after adoption of the budget showed no growth. The Sheriff may therefore experience an operating deficit for fiscal year 2011, however, the general fund balance of \$21,954,230 provides sufficient reserves to absorb the deficit which may occur due to this temporary revenue shortfall.

**Contacting the Sheriff's Financial Management**

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF NET ASSETS**  
**June 30, 2010**

**ASSETS**

Cash	\$ 18,953,937
Cash restricted	1,088,429
Receivables	2,780,123
Due from other funds	1,464,472
Due from other governments	1,052,567
Other	22,217
Capital assets:	
Land	43,560
Depreciable assets, net	<u>10,499,508</u>
Total assets	<u>35,904,813</u>

**LIABILITIES**

Accounts payable and accrued liabilities	1,231,549
Payroll taxes payable and withholdings	350,743
Due to others	1,539,664
Reserve deputy - equipment deposits	8,550
Long-term liabilities:	
Net post employment benefit obligation	3,178,491
Compensated absences payable	4,456,226
Claims payable	<u>745,000</u>
Total liabilities	<u>11,510,223</u>

**NET ASSETS**

Invested in capital assets	10,543,068
Restricted	966,480
Unrestricted	<u>12,885,042</u>
Total net assets	<u>\$ 24,394,590</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Public Safety	<u>\$ 78,029,213</u>	<u>\$ 18,399,935</u>	<u>\$ 2,290,314</u>	<u>\$ (57,338,964)</u>
General revenues:				
Ad valorem taxes				49,808,390
State funds not restricted to specific programs				4,330,757
Interest income				242,613
Gain on sale of fixed assets				209,156
Miscellaneous				<u>923,141</u>
Total general revenues				<u>55,514,057</u>
Change in net assets				(1,824,907)
Net assets - beginning				<u>26,219,497</u>
Net assets - ending				<u>\$ 24,394,590</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General Fund	Canteen Fund	Total
<b><u>ASSETS</u></b>			
Cash	\$ 18,736,391	\$ 217,546	\$ 18,953,937
Cash restricted	1,088,429	-	1,088,429
Receivables	2,780,123	-	2,780,123
Due from other funds	1,464,162	45,165	1,509,327
Due from other governments	1,052,567	-	1,052,567
Other	4,485	17,732	22,217
Total assets	25,126,157	280,443	25,406,600
 <b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	1,228,115	3,434	1,231,549
Payroll taxes payable and withholdings	350,743	-	350,743
Due to others	1,539,664	-	1,539,664
Due to other funds	44,855	-	44,855
Reserve deputy - equipment deposits	8,550	-	8,550
Total liabilities	3,171,927	3,434	3,175,361
 <b><u>FUND BALANCE</u></b>			
Unreserved-undesignated	21,954,230	277,009	22,231,239
Total fund balances	21,954,230	277,009	22,231,239
Total liabilities and fund balances	\$ 25,126,157	\$ 280,443	\$ 25,406,600

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

Total Fund Balances for governmental funds at June 30, 2010	\$ 22,231,239
Total Net Assets reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Total capitalized cost net of \$12,450,152 accumulated depreciation.	10,543,068
Long-term liabilities at June 30, 2010:	
Net post employment benefits obligation recorded in accordance with GASB 45	(3,178,491)
Claims payable - self insurance for healthcare benefits	(745,000)
Compensated absences payable	<u>(4,456,226)</u>
Total Net Assets of governmental activities at June 30, 2010	<u>\$ 24,394,590</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF****Baton Rouge, Louisiana****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

<b>REVENUES</b>	<b>General Fund</b>	<b>Canteen Fund</b>	<b>Total</b>
Ad valorem taxes	\$ 49,808,390	\$ -	\$ 49,808,390
Intergovernmental revenues:			
Federal grants	2,212,959	-	2,212,959
State grants	75,958	-	75,958
State supplemental pay	3,629,658	-	3,629,658
State revenue sharing	701,099	-	701,099
Fees, charges, and commissions for services:			
Civil and criminal fees	6,298,081	-	6,298,081
Court attendance	146,064	-	146,064
Transporting prisoners	258,310	-	258,310
Feeding and keeping prisoners	6,871,629	-	6,871,629
Sales of merchandise	-	81,996	81,996
Fines and forfeitures	232,637	-	232,637
Narcotics seizures	580,398	-	580,398
Other	3,550,124	380,696	3,930,820
Interest income	241,583	1,030	242,613
Donations	11,477	-	11,477
Miscellaneous	911,511	1,550	913,061
<b>Total Revenues</b>	<b>75,529,878</b>	<b>465,272</b>	<b>75,995,150</b>
<b>EXPENDITURES</b>			
Public safety:			
Personnel services and related benefits	52,234,493	-	52,234,493
Operating services	8,929,662	376,581	9,306,243
Materials and supplies	8,753,495	56,337	8,809,832
Transporting and other charges	2,143,896	32,436	2,176,332
Capital outlay	4,193,532	-	4,193,532
<b>Total Expenditures</b>	<b>76,255,078</b>	<b>465,354</b>	<b>76,720,432</b>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b>(725,200)</b>	<b>(82)</b>	<b>(725,282)</b>
Other financing sources:			
Sale of fixed assets	308,249	-	308,249
<b>Total other financing sources</b>	<b>308,249</b>	<b>-</b>	<b>308,249</b>
<b>Net change in fund balance</b>	<b>(416,951)</b>	<b>(82)</b>	<b>(417,033)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>22,371,181</b>	<b>277,091</b>	<b>22,648,272</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 21,954,230</b>	<b>\$ 277,009</b>	<b>\$ 22,231,239</b>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

Total Net Changes in Fund Balance for year ended June 30, 2010, per Statement of Revenues,  
Expenditures and Changes in Fund Balances \$ (417,033)

The change in net assets reported for governmental activities in the Statement of Activities is  
different because:

Governmental funds report capital asset purchases 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.

Purchases of capital assets	4,513,576	
Depreciation expense	<u>(3,116,369)</u>	1,397,207
Excess of compensated absences earned over compensated absences used		(398,008)
Net post employment benefits expense in excess of contributions		(1,562,980)
Claims payable for self insurance for healthcare		(745,000)
Net book value of fixed assets disposed		<u>(99,093)</u>
Total changes in Net Assets for year ended June 30, 2010, per Statement of Activities		<u>\$ (1,824,907)</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**FIDUCIARY FUNDS**

**JUNE 30, 2010**

**ASSETS**

Cash and cash equivalents	\$ 29,273,144
Receivables	39,251
Total Assets	<u>29,312,395</u>

**LIABILITIES**

Balance due to taxing bodies, prisoners and others	<u>29,312,395</u>
Total Liabilities	<u>\$ 29,312,395</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

**BASIS OF PRESENTATION**

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

**GOVERNMENT-WIDE STATEMENTS:**

The statement of net assets and the statement of activities display information about the primary government. They include all funds of the reporting entity, which are considered to be governmental activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore are clearly identifiable to a particular function. Program revenues are derived directly from fees and charges paid by the recipient of services offered by the Sheriff and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**FUND FINANCIAL STATEMENTS:**

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

The Sheriff reports the following major governmental fund:

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**General Fund**

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's Office and accounts for a majority of the operations of the Sheriff's Office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Additionally the Sheriff reports other fund types as follows:

**Special Revenue Fund**

Special Revenue Funds account for the proceeds of dedicated revenue sources. The Canteen Fund accounts for the operation of the prison commissary which is funded through sales of goods and services to prisoners.

**Agency Funds**

The agency funds are used as depositories for civil suits, cash bonds, ad-valorem taxes collected, fees, and evidence seized, prisoner deposits, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, detainees, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**B. REPORTING ENTITY**

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS**

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

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

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

**D. BUDGET PRACTICES**

The proposed budget for the year ended June 30, 2010, was made available for public inspection and comments from taxpayers at the Sheriff's office on June 8, 2009. A public hearing was held on the proposed budget at least 10 days after publications of the call of the hearing. The proposed budget was published in the official journal ten days prior to the public hearing, which was held at the Sheriff's Office on June 18, 2009 for the comments from taxpayers. The budget was legally adopted and amended, as necessary, by the Sheriff.

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

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. CASH AND CASH EQUIVALENTS**

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

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

**F. CAPITAL ASSETS**

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

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

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

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

**G. COMPENSATED ABSENCES**

Employees of the Sheriff's Office earn from 16 to 22 hours of paid time off (PTO) every 28 days of uninterrupted full-time employment. Maximum accrual of PTO is 1,040 hours, depending upon length of service. During the year ended June 30, 2010, the Sheriff discontinued the accrual of sick leave. The unused sick leave was transferred to PTO to the extent that the transfer did not cause accumulated PTO to exceed 1,040 hours. The remaining sick leave that could not be transferred will be available for the respective employees to use. However, upon termination, accumulated sick leave that was not transferred to PTO, will not be paid out. Upon termination of employment, employees are paid for accrued PTO up to 300 hours.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**G. COMPENSATED ABSENCES** (continued)

Law enforcement employees receive overtime compensation for compensable hours worked in excess of 171 hours in a 28-day work period. Non-law enforcement employees receive overtime compensation for compensable hours worked in excess of 40 hours during a 7 day work week. Exempt employees are not compensated for overtime. As a condition of employment with the Sheriff's Office, nonexempt employees receive compensatory time (CT), at the rate of time and a half, in lieu of immediate cash payment for overtime. CT is time off with full pay and benefits (insurance, pension, and accrual of PTO). A maximum of 480 hours of CT may be accumulated for law enforcement personnel. A maximum of 240 hours of CT may be accumulated by non-law enforcement personnel. Cash payment will be made for any CT in excess of the maximum accumulation allowed, and for all CT balances upon separation from employment.

The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken or paid upon termination. The cost of leave privileges not requiring current resources is reported as a liability in the Statement of Net Assets. As such, the accumulated CT and up to 300 hours of PTO is accrued as a long-term liability in the Statement of Net Assets.

**H. FUND EQUITY**

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

**I. USE OF ESTIMATES**

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

**2. LEVIED TAXES**

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

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2010, are as follows:

Governmental activities:

<u>Asset Class</u>	<u>Balance at 6/30/2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 6/30/2010</u>
<b>Cost</b>				
Land	\$ 43,560	\$ -	\$ -	\$ 43,560
Buildings	2,622,168	269,049	-	2,891,217
Vehicles	11,583,799	3,860,270	(2,730,157)	12,713,912
Office Furniture and Equipment	2,331,487	-	(35,018)	2,296,469
Law Enforcement Equipment	944,181	360,559	(13,500)	1,291,240
Telecommunications Equipment	3,806,676	23,698	(73,552)	3,756,822
	<u>21,331,871</u>	<u>4,513,576</u>	<u>(2,852,227)</u>	<u>22,993,220</u>
<b>Accumulated Depreciation</b>	<u>(12,086,917)</u>	<u>(3,116,369)</u>	<u>2,753,134</u>	<u>(12,450,152)</u>
<b>Total Capital Assets</b>	<u>\$ 9,244,954</u>	<u>\$ 1,397,207</u>	<u>\$ (99,093)</u>	<u>\$ 10,543,068</u>

For the year ended June 30, 2010, depreciation expense was \$3,116,369.

**4. CASH AND CASH EQUIVALENTS**

At June 30, 2010, the Sheriff has cash and cash equivalents consisting solely of deposits in financial institutions. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Custodial credit risk is the risk that an entity may fail to receive its deposits upon failure of a financial institution. To protect against such risks, the market values of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2010, the deposits are adequately secured from custodial credit risk by pledged securities and FDIC insurance.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. RECEIVABLES**

Receivables at June 30, 2010 are as follows:

Federal grants	2,020,177
Feeding, keeping and transporting prisoners	382,962
Other fees, charges and commissions	458,126
Reserve for uncollectable accounts	( 81,142)
	<u>\$ 2,780,123</u>

**6. RESTRICTED ASSETS**

Restricted cash held in the general fund of \$1,088,429 represents funds received from grants, narcotic seizures, litigation settlements, evidence cash received or found and amounts received under ACT 942. These amounts are held in these accounts until disbursements are properly authorized.

**7. PENSION PLAN**

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

All Sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month if employed prior to January 1, 1991, and not less than \$800 if employed subsequent to December 30, 1990, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire after age 55 with at least twelve years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service.

The member shall be paid a monthly sum equal to 3 1/3 percent of the member's average monthly salary for the 36 highest successive months of employment, or the highest 36 successive joined months of employment where interruption of service occurred, multiplied by the number of years creditable service in the fund. In any case, the retirement benefit cannot exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least twelve years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. PENSION PLAN (continued)**

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, 1225 Nicholson Dr., Baton Rouge, LA 70802, or by calling (225) 219-0500.

**Funding Policy.** Plan members are required by state statute to contribute 10.00 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 11.00 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System, for the years ending June 30, 2010, 2009, and 2008, were \$4,249,970, \$4,107,636, and \$3,706,022, respectively.

**8. OTHER POST-EMPLOYMENT BENEFITS**

The Sheriff accounts for its non-pension post-employment benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45).

**Plan Description.** The Sheriff provides certain continuing health care, life and dental insurance benefits for its retired employees. Substantially all of the Sheriff's employees qualify for those benefits if they reach their eligible retirement age while working for the Sheriff. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the retirees and subsidized by the Sheriff.

**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.

**Funding Policy.** Until 2008, the Sheriff recognized the cost of providing post-employment medical, life and dental benefits (the Sheriff's portion of the retiree medical, life and dental benefit premiums) as an expense when the benefit premiums were due and financed the cost of the post-employment benefits on a pay-as-you-go basis. The monthly premium for health insurance for each participant was \$582 during in the fiscal year 2010, of which the Sheriff funds \$164. During fiscal year 2010, the Sheriff's portion of health care and life insurance cost for retired employees was determined to be \$1,965,823, as defined by GASB 45. However, the Sheriff still finances the cost on a pay-as-you go basis, contributing only \$402,843 toward the cost.

**Annual Required Contribution.** The Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

The total ARC for the fiscal year beginning July 1, 2010 is \$1,994,628 for medical and life, as set forth below:

Normal Cost	\$ 1,025,935
30-year UAL amortization amount	<u>968,693</u>
 Annual required contribution (ARC)	 <u>\$ 1,994,628</u>

**Net Post-employment Benefit Obligation (Asset).** The table below shows the Sheriff's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2010:

Beginning Net OPEB Obligation 7/1/2009	\$ 1,615,511
Annual required contribution	1,994,628
Interest on Net OPEB Obligation	64,620
ARC Adjustment	<u>(93,425)</u>
OPEB Cost	1,965,823
Current year retiree premium (plan contributions)	<u>(402,843)</u>
Change in Net OPEB Obligation	<u>1,562,980</u>
 Ending Net OPEB Obligation 6/30/2010	 <u>\$ 3,178,491</u>

The following table shows the Sheriff's annual post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net post-employment benefit (OPEB) obligation (asset):

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
Medical and Life	June 30, 2010	\$1,965,823	20.49%	\$ 3,178,491
Medical and Life	June 30, 2009	1,994,628	19.01%	1,615,511

**Funded Status and Funding Progress.** In the fiscal year ending June 30, 2010, the Sheriff made no contributions to an irrevocable trust for its post employment benefits plan. The plan is not considered to be funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$16,750,677 (medical and life), which is defined as that portion, as determined by a particular actuarial cost method (the 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.

Actuarial Accrued Liability (AAL)	\$ 16,750,677
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	<u>16,750,677</u>
 Funded Ratio (Act. Val. Assets/AAL)	 0%
Covered Payroll (active plan members)	\$ 41,336,418
UAAL as a percentage of covered payroll	41%

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**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 Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the 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 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.

**Withdrawal Rate.** A work experience related withdrawal scale based on actual experience as described by administrative staff has been used. The rates are below:

<b>Service</b>	<b>Males</b>	<b>Females</b>
<1	26.0%	26.0%
1	17.0%	17.0%
2	13.0%	13.0%
3	12.0%	12.0%
4	10.0%	10.0%
5	8.0%	8.0%
6	7.0%	7.0%
7	7.0%	7.0%
8	6.0%	6.0%
9 - 12	4.0%	4.0%
13 - 18	2.5%	2.5%
19 +	1.5%	1.5%

**Post-employment Benefit Plan Eligibility Requirements.** It is assumed that entitlement to benefits will commence after 12 years of service at age 55 or after 30 years of service. Spouses of retiring members are also eligible for health and life benefits under the Plan, however, they are responsible for the full cost of coverage. Medical benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death. Additionally, 40% of employees who elect coverage while in active employment are assumed to elect continued medical coverage in retirement, and 40% of those employees electing coverage are assumed to cover their spouse. Female spouses are assumed to be three years younger than their husbands.

**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.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is 6.5% as an initial rate and graduated down to 4.5% over 76 years.

Zero trend has been assumed for valuing life insurance.

**Mortality Rate.** The RP2000 Static Healthy Mortality Table (sex distinct) projected to 2010 using Scale AA, has been applied.

**9. CHANGES IN AGENCY FUND BALANCES**

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

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
Balance at Beginning of year	\$ 4,789,957	\$ 230,533	\$ 21,593,313	\$ 469,454	\$ 27,083,257
Additions	23,320,595	362,783	394,619,976	250,042	418,553,396
Reductions	<u>(22,365,770)</u>	<u>(404,539)</u>	<u>(393,329,998)</u>	<u>(223,951)</u>	<u>(416,324,258)</u>
Balance at End of year	<u>\$ 5,744,782</u>	<u>\$ 188,777</u>	<u>\$ 22,883,291</u>	<u>\$ 495,545</u>	<u>\$ 29,312,395</u>

**10. TAXES PAID UNDER PROTEST**

Amounts held in escrow for protested taxes at June 30, 2010, were \$9,372,049, consisting of \$8,548,154 of taxes paid under protest, plus interest earned to date on the investment of these funds of \$823,895. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

**11. LITIGATION AND CLAIMS**

At June 30, 2010, the Sheriff was a defendant in multiple lawsuits. These suites, arising from various claims involving workman's compensation issues, automobile accidents, police misconduct, general liability and others are mostly covered through insurance. However, the Sheriff is exposed for certain uninsured claims and deductibles. Those lawsuits with a reasonable possibility of an unfavorable outcome expose the Sheriff to losses ranging from approximately \$25,000 to \$900,000. These losses have not been accrued in the accompanying financial statements. Based upon the opinion of the Sheriff's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the Sheriff.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**12. LONG -TERM OBLIGATIONS**

At June 30, 2010, employees of the Sheriff have accumulated and vested \$4,456,226 of employee leave benefits, which was computed in accordance with GASB Classification Section C60.

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

	<u>Compensated Absences</u>
Balance, July 1, 2009	\$ 4,058,218
Additions	4,308,415
Deductions	<u>(3,910,407)</u>
Balance, June 30, 2010	<u>\$ 4,456,226</u>

See footnote 8 for long-term obligations arising from other post employment benefits (OPEB).

**13. INTERFUND TRANSACTIONS**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,464,162	\$ 44,855
Prison Canteen Fund	45,165	-
Agency Funds	-	<u>1,464,472</u>
	<u>\$ 1,509,327</u>	<u>\$1,509,327</u>

**14. RISK MANAGEMENT**

Effective July 1, 2009, The Sheriff is assuming all medical claims of participants in its employee health plan up to \$100,000 per individual, with reinsurance covering the claims in excess of that amount up to \$5,000,000. In the aggregate, the reinsurance covers individual claims up to \$5,000,000 for the life of the policy. The Sheriff is exposed to various risks of loss related health insurance for its employees. The Sheriff does not report risks covered by excess insurance as liabilities unless it is probable that those risks will not be covered by excess insurance carriers.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**14. RISK MANAGEMENT (Continued)**

Settlements did not exceed excess insurance coverage for the year. Unpaid claims are reconciled as follows:

Unpaid claims as of July 1, 2009	\$ -
Current year claims uncured and changes in estimates	5,867,201
Claims paid	<u>(5,122,201)</u>
Unpaid claims as of June 30, 2010	<u>\$ 745,000</u>

The above unpaid claims as of June 30 include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

The unpaid claims are included in the Statement of Net Assets as a long term liability.

**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	Budget		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 50,600,000	\$ 49,575,000	\$ 49,808,390	\$ 233,390
Intergovernmental revenues:				
Federal grants	-	1,918,500	2,212,959	294,459
State grants	76,286	75,960	75,958	(2)
State supplemental pay	2,950,000	3,635,000	3,629,658	(5,342)
State revenue sharing	710,000	701,100	701,099	(1)
Fees, charges, and commissions for services:				
Civil and criminal fees	5,931,500	5,717,550	6,298,081	580,531
Court attendance	142,500	145,000	146,064	1,064
Transporting prisoners	240,000	238,000	258,310	20,310
Feeding and keeping prisoners	7,072,000	7,702,150	6,871,629	(830,521)
Fines and forfeitures	200,000	214,000	232,637	18,637
Other	3,898,890	3,631,020	3,550,124	(80,896)
Interest income	285,000	258,000	241,583	(16,417)
Miscellaneous	507,800	992,650	1,503,386	510,736
Total Revenues	<u>72,613,976</u>	<u>74,803,930</u>	<u>75,529,878</u>	<u>725,948</u>
<b>EXPENDITURES</b>				
Public safety:				
Personnel services and related benefits	52,892,800	51,903,220	52,234,493	(331,273)
Operating services	7,995,400	9,315,900	8,929,662	386,238
Material and supplies	8,209,500	8,829,850	8,753,495	76,355
Travel and other charges	1,036,000	2,144,500	2,143,896	604
Capital outlay	3,652,470	4,706,550	4,193,532	513,018
Total Expenditures	<u>73,786,170</u>	<u>76,900,020</u>	<u>76,255,078</u>	<u>644,942</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,172,194)	(2,096,090)	(725,200)	1,370,890
Other financing sources:				
Sale of fixed assets	90,000	125,000	308,249	183,249
Total other financing sources	<u>90,000</u>	<u>125,000</u>	<u>308,249</u>	<u>183,249</u>
NET CHANGE IN FUND BALANCE	(1,082,194)	(1,971,090)	(416,951)	1,554,139
FUND BALANCE AT BEGINNING OF YEAR	19,384,632	22,371,181	22,371,181	-
FUND BALANCE AT END OF YEAR	<u>\$ 18,302,438</u>	<u>\$ 20,400,091</u>	<u>\$ 21,954,230</u>	<u>\$ 1,554,139</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND - PRISON CANTEEN FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>REVENUES</u></b>				
Sales of merchandise	\$ 100,000	\$ 90,000	\$ 81,996	\$ (8,004)
Other	350,000	380,000	380,696	696
Interest Income	2,500	1,050	1,030	(20)
Miscellaneous	-	-	1,550	1,550
Total Revenues	<u>452,500</u>	<u>471,050</u>	<u>465,272</u>	<u>(5,778)</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Operating services	351,540	450,200	376,581	73,619
Material and supplies	64,600	58,900	56,337	2,563
Transporting and other charges	31,500	34,200	32,436	1,764
Total Expenditures	<u>447,640</u>	<u>543,300</u>	<u>465,354</u>	<u>77,946</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,860	(72,250)	(82)	72,168
FUND BALANCE AT BEGINNING OF YEAR	<u>181,393</u>	<u>276,895</u>	<u>277,091</u>	<u>(196)</u>
FUND BALANCE AT END OF YEAR	<u>\$ 186,253</u>	<u>\$ 204,645</u>	<u>\$ 277,009</u>	<u>\$ 71,972</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**OTHER POST EMPLOYMENT BENEFITS PLAN**  
**RETIREE HEALTH, DENTAL, AND LIFE INSURANCE PROGRAMS**  
**YEAR ENDED JUNE 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2010	7/1/2009	\$ -	\$ 16,750,677	\$ 16,750,677	0.00%	\$ 41,336,418	40.52%
6/30/2009	7/1/2008	-	16,750,677	16,750,677	0.00%	39,782,403	42.11%
6/30/2008	N/A	NA	NA	NA	NA	NA	NA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Increase (Decrease) to Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 1,965,823	\$ 402,843	20.49%	\$ 1,562,980	\$ 3,178,491
6/30/2009	1,994,628	379,117	19.01%	1,615,511	1,615,511
6/30/2008	NA	NA	NA	NA	NA

**OTHER SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**GENERAL DESCRIPTIONS**

**AGENCY FUNDS**

**June 30, 2010**

**SHERIFF'S FUND**

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

**PRISON INMATE FUND**

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

**TAX COLLECTOR AGENCY FUND**

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

**EVIDENCE FUND**

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**June 30, 2010**

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 5,725,444	\$ 188,777	\$ 22,863,378	\$ 495,545	\$ 29,273,144
Receivables	19,338	-	19,913	-	39,251
Total assets	<u>\$ 5,744,782</u>	<u>\$ 188,777</u>	<u>\$ 22,883,291</u>	<u>\$ 495,545</u>	<u>\$ 29,312,395</u>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ 1,464,472	\$ -	\$ 1,464,472
Due to E.M.S.	-	68,744	-	-	68,744
Due to taxing bodies and others:					
Due to taxing bodies	-	-	12,046,770	-	12,046,770
Due to others	5,744,782	120,033	-	495,545	6,360,360
Protested taxes	-	-	9,372,049	-	9,372,049
Total Liabilities	<u>\$ 5,744,782</u>	<u>\$ 188,777</u>	<u>\$ 22,883,291</u>	<u>\$ 495,545</u>	<u>\$ 29,312,395</u>

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**COMBINING SCHEDULE OF CHANGES IN  
AMOUNT DUE TAXING BODIES AND OTHERS - ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
<b><u>AMOUNTS DUE TAXING BODIES AND OTHERS JUNE 30, 2009</u></b>	<b><u>\$ 4,789,957</u></b>	<b><u>\$ 230,533</u></b>	<b><u>\$ 21,593,313</u></b>	<b><u>\$ 469,454</u></b>	<b><u>\$ 27,083,257</u></b>
<b><u>ADDITIONS</u></b>					
Deposits:					
Suits, successions, etc.	18,763,847	-	-	-	18,763,847
Garnishments	3,541,924	-	-	-	3,541,924
Surety Bonds	1,014,824	-	-	-	1,014,824
Taxes, fees, etc. paid to tax collector	-	-	393,301,319	-	393,301,319
Interest on investments	-	-	1,318,657	-	1,318,657
Other Additions					
Prisoner deposits	-	362,783	-	-	362,783
Donations	-	-	-	-	-
Evidence cash received	-	-	-	250,042	250,042
Total additions	<u>23,320,595</u>	<u>362,783</u>	<u>394,619,976</u>	<u>250,042</u>	<u>418,553,396</u>
<b><u>REDUCTIONS</u></b>					
Taxes, fees, etc. distributed to taxing bodies and others	-	-	393,329,998	-	393,329,998
Payments to litigants, etc.	15,342,006	-	-	-	15,342,006
Fees to sheriff's General Fund	5,938,565	-	-	-	5,938,565
Surety bond forfeitures	328,200	-	-	-	328,200
Surety bond refunds	756,999	-	-	-	756,999
Refunds to released inmates and prisoner program disbursements	-	404,539	-	-	404,539
Authorized program disbursements	-	-	-	223,951	223,951
Total reductions	<u>22,365,770</u>	<u>404,539</u>	<u>393,329,998</u>	<u>223,951</u>	<u>416,324,258</u>
Change in amounts due taxing bodies and others	<u>954,825</u>	<u>(41,756)</u>	<u>1,289,978</u>	<u>26,091</u>	<u>2,229,138</u>
<b><u>AMOUNTS DUE TAXING BODIES AND OTHERS JUNE 30, 2010</u></b>	<b><u>\$ 5,744,782</u></b>	<b><u>\$ 188,777</u></b>	<b><u>\$ 22,883,291</u></b>	<b><u>\$ 495,545</u></b>	<b><u>\$ 29,312,395</u></b>

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

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

We have audited the financial statements of the governmental activities, each major fund, and the combined fiduciary funds of East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2010, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A *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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting 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. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, identified as finding 2010-1. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

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

*Postlethwaite + Netterville*

Baton Rouge, Louisiana  
December 27, 2010

**INDEPENDENT AUDITORS' 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**

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

Compliance

We have audited the East Baton Rouge Parish Sheriff's 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 June 30, 2010. The East Baton Rouge Parish Sheriff's (the "Sheriff") 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 program is the responsibility of the Sheriff's management. Our responsibility is to express an opinion on the Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Sheriff's compliance with those requirements.

In our opinion the Sheriff 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 June 30, 2010.

Internal Control Over Compliance

The management of the Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Sheriff's internal control over compliance.

A *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.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, each major fund, and the combined fiduciary funds of the Sheriff as of and for the year ended June 30, 2010, and have issued our report thereon dated December 27, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in that audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Pouletthwaite + Nettoville*

Baton Rouge, Louisiana  
December 27, 2010

**East Baton Rouge Parish Sheriff**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<b><u>United States Department of Justice</u></b>			
<b><u>Direct Program:</u></b>			
<i>Office of Justice Programs:</i>			
Justice Assistance Grant 2008	16.579	2008-DJ-BX-0527	\$ 3,007
Justice Assistance Grant 2009	16.579	2009-DJ-BX-0577	204,380
Justice Assistance Grant 2009 - ARRA	16.804	2009-SB-B9-2897	1,492,835
COPS Technology Program	16.710	2009-CK-WX-0280	100,000
<b><u>Passed Through:</u></b>			
<i>Louisiana Commission on Law Enforcement and Administration of Criminal Justice:</i>			
Justice Assistance Grant	16.579	B07-5-026	47,815
Justice Assistance Grant	16.579	B08-5-008	15,704
Edward Byrne Memorial Justice Assistance Grant	16.738	B09-5-013	9,788
Edward Byrne Memorial Justice Assistance Grant	16.738	B08-5-018	23,550
Crime Victims Unit	16.575	C09-5-011	15,906
Crime Victims Unit	16.575	C08-5-003	6,128
Total United States Department of Justice			1,919,113
<b><u>United States Department of Transportation</u></b>			
<b><u>Passed Through:</u></b>			
<i>Louisiana Department of Public Safety and Corrections:</i>			
LHSC 2009	20.600	PT 2009-34-00-00	68,620
LHSC 2010	20.600	PT 2010-21-00-00	28,828
LHSC 2010	20.601	K8HV 2010-08-00-00	46,488
Total United States Department of Transportation			143,936
<b><u>United States Department of Homeland Security</u></b>			
<b><u>Passed Through:</u></b>			
<i>Governor's Office of Homeland Security &amp; Emergency Preparedness:</i>			
LLETP (Homeland Security)	97.067	X08-5-012	21,153
Buffer Zone Protection Program 2007	97.067	2007-BZ-T7-0025	11,188
PSGP (Homeland Security)	97.056	2007-GB-T7-K171	117,569
Total United States Department of Homeland Security			149,910
Total Expenditures			\$ 2,212,959

See accompanying notes to this schedule.

**EAST BATON ROUGE PARISH SHERIFF**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUB-RECIPIENTS**

The Sheriff provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amounts Provided to Sub-recipients</u>	<u>Total Federal Awards Received</u>
Justice Assistance Grant 2009 – ARRA	16.804	\$ 974,167	\$ 1,492,835

**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: *Unqualified*

**Internal Control over Financial Reporting:**

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

*Federal Awards*

**Internal control over major programs:**

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      x   no

Identification of major programs:

CFDA Numbers  
16.804

Name of Federal Program or Cluster  
Justice Assistance Grant - ARRA

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

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

**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**B. Findings – Financial Statement Audit**

**2010 - 1 Capital Assets and Inventoried Equipment**

**Criteria:**

Capital assets and certain inventoried equipment should be physically inventoried at least once every two years. Such an inventory helps assure that capital asset and equipment records are complete and accurate. Additionally, a physical inventory count can detect possible fraud or misuse of assets. Further, records should be maintained in such a way that account for fixed assets that have previously been placed in service as well as additions, deletions and the calculation of depreciation in accordance with the accounting policies and procedures.

**Condition:**

The Sheriff's Office has not taken a complete physical inventory in the past three years. A count is only performed at the discretion of the purchasing manager who has been assigned the responsibility of property control. Further, the complexity of the inventory data base is such that it is difficult for the Sheriff's Office personnel to identify beginning balances, additions, deletions and ending balances. In addition, capital and equipment expenditures were not reconciled to the additions in the capital asset inventory records.

**Effect:**

Without the comparison of capital asset and inventory records to physical counts, such records may not reflect actual inventory on-hand and an opportunity to detect inappropriate use of assets is foregone. Utilizing a complex inventory database without proper training makes it more difficult to monitor the activity and records for accuracy.

**Cause:**

This condition appears to be the result of limited staff.

**Recommendation:**

We recommend that a physical inventory of fixed assets be taken. We further recommend that fixed asset inventories be conducted no less than bi-annually, but preferably on an annual basis. Also, all capital and equipment expenditures should be reconciled to the additions in the capital assets schedule and equipment inventory records. Additional training should be obtained for those personnel utilizing the inventory database.

**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**B. Findings – Financial Statement Audit (Continued)**

**2010 - 1 Capital Assets and Inventoried Equipment (Continued)**

**Management's Response and Corrective Plan:**

*Management has contracted for the purchase of accounting software to include an inventory module to aid in the tracking of assets. Management's intent was to perform a complete physical inventory in conjunction with the installation of this new inventory module. Despite the vendor's verbal assurances that the inventory module would be up and running before December 31, 2010, this will not be happening due to the vendor's miscalculation of the work necessary to adhere to the proposed timeline.*

*The inventory (asset tracking) module should be installed and running before June 30, 2011, per the vendor.*

**C. Findings and Questioned Costs – Major Federal Award Programs**

None Noted.

**EAST BATON ROUGE PARISH SHERIFF**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Findings – Financial Statement Audit**

**2009-1            Segregation of Duties**

**Condition:**

The Comptroller has check signing authority and system administrator duties.

**Recommendation:**

We recommend that the Comptroller not have check signing authority and system administrator duties. Further, this position's access to certain systems may need limits.

**Current Status:**

*Resolved. The Comptroller no longer has check signing authority.*

**2009-2            Capital Assets and Inventoried Equipment**

**Condition:**

The Sheriff's Office has not taken a physical inventory in the past three years. A count is only performed at the discretion of the purchasing manager who has been assigned the responsibility of property control. Further, the complexity of the inventory data base is such that it is difficult for the Sheriff's Office personnel to identify beginning balances, additions, deletions and ending balances. In addition, capital and equipment expenditures were not reconciled to the additions in the capital asset inventory records.

**Recommendation:**

We recommend that a physical inventory of fixed assets be taken. We further recommend that fixed asset inventories be conducted no less than bi-annually, but preferably on an annual basis. Also, all capital and equipment expenditures should be reconciled to the additions in the capital assets schedule and equipment inventory records. Additional training should be obtained for those personnel utilizing the inventory database.

**Current Status:**

*Not resolved. See finding 2010-1 in the Schedule of Finding and Questioned Cost.*

**EAST BATON ROUGE PARISH SHERIFF**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2009-3            Receivables:**

**Condition:**

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

**Recommendation:**

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

**Current Status:**

*Resolved. Management now reviews the receivable ledger on a quarterly basis.*

**2009-4            Case account reconciliation to general ledger**

**Condition:**

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

**Recommendation:**

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

**Current Status:**

*Resolved. Management is undergoing a system conversion that will allow for seamless integration between general ledger and case accounting. The system should be operable in the Spring of 2011*

**Findings and Questioned Costs – Major Federal Award Programs**

None noted