

ANNUAL FINANCIAL REPORT
ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2007

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

Release Date 7/30/08



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Independent Auditors' Report

The Honorable Marlin N. Gusman
Orleans Parish Criminal 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 Criminal Sheriff's Office (the Office) as of and for the year ended December 31, 2007, 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 the *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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we express no such opinion. 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 Criminal Sheriff's Office as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows 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 May 29, 2008, 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 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.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 13 and pages 47 through 48, 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 required 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 Office's basic financial statements. The combining, individual nonmajor fund, 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, individual nonmajor fund, and comparative financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Postlethwaite & Nettleton

New Orleans, Louisiana
May 29, 2008

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

Management's discussion and analysis of the Orleans Parish Criminal Sheriff's Office's (Office) financial performance provides a narrative overview and analysis of the Office's financial activities for the year ended December 31, 2007. 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.

2007 has been a year of recovery and rebuilding. The impacts of Hurricane Katrina and the flood resulting from the levee failures are far reaching and continue to impact the operations of the Office.

During 2007 a prior period adjustment for charges to the City of New Orleans for custody of inmates was made. See note 17 to the financial statements. The accompanying comparative information in this management discussion and analysis has been adjusted for this change.

FINANCIAL HIGHLIGHTS

The assets of the Office exceeded its liabilities at December 31, 2007 by \$78 million (presented as "net assets"). Of this amount only \$3.2 million (presented as "unrestricted net assets") may be used to meet Office's ongoing operations. The remaining restricted balances are comprised of the following: (1) capital assets, net of related debt, of \$46.7 million, (2) assets for future intergovernmental transfers of \$13.1 million, (3) assets restricted for debt service of \$11.4 million, (4) assets restricted for capital improvements of \$2.9 million, and (5) assets restricted for elderly victims assistance of \$.7 million.

The Office's net assets increased by \$11 million, or 16.4%. The increases in net assets were a result of operating and capital grants of \$25.4 million primarily related to Hurricane Katrina and general revenues of \$11.1 million. These increases were offset by operating losses of \$23.8 million and interest charges of \$1.7 million.

Governmental activities operating losses of \$23.8 million consist of \$35.2 million of charges for services reduced by operating expenses of \$59 million.

The Office's primary government total revenues increased from \$65.1 million to \$72.6 million (11.6% increase) while the Offices' primary expenses increased from \$56.2 million to \$61.6 million (9.77% increase).

At December 31, 2007 the Office's governmental funds reported combined ending fund balances of \$51.7 million, an increase of \$5 million from the prior year. The General Fund's fund balance decreased by \$2.1 million to a fund balance of \$23.5 million. The Debt Service fund balance increased by \$7.2 million to a total fund balance of \$11.4 million.

The General Fund's unreserved fund balance decreased from \$23.7 million to \$15 million, which is approximately 22.8% of the General Fund's 2007 expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Office's basic financial statements. The basic financial statements include: (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 statements provide both long-term and short-term information about the Office'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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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GOVERNMENT-WIDE FINANCIAL STATEMENTS --continued

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 government-wide financial statements present governmental activities of the Office that historically are principally supported by per diem charges to the City of New Orleans, the Louisiana Department of Corrections, and federal agencies. The primary purpose of these governmental activities is the custody of inmates. The business-type activities include the commissary. The government-wide financial statements are presented on pages 14 and 15, Exhibits "A" and "B" 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 Office uses funds 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.

The Office uses 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 insight into the long-term impact of short-term financing decisions. Reconciliations between these two perspectives are provided. The reconciliation between the governmental funds balance sheet and the statement of net assets is on page 17, 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 20, Exhibit "F".

The basic governmental fund financial statements are presented on pages 16 and 18-19, Exhibits "C" and "E" of this report.

Proprietary funds are reported in the fund financial statements and report non-major enterprise funds (primarily commissary operations) and an internal service fund (a self-insurance fund). The basic proprietary fund financial statements are presented on pages 21-23, 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 individual prison inmate agency accounts. 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 24 and 25, Exhibits "J" and "K" of this report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

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 26 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 and final revised budget. Required supplemental information can be found on pages 47 and 48, 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 49-57. A single audit section begins on page 58.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Summary of Net Assets</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Primary Government Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets:						
Unrestricted current and other	\$ 70,235,620	\$ 66,815,551	\$ 61,313	\$ 62,517	\$ 70,296,933	\$ 66,878,068
Restricted	10,121,332	15,481,216	-	-	10,121,332	15,481,216
Capital	70,610,532	63,270,494	-	-	70,610,532	63,270,494
Total	150,967,484	145,567,261	61,313	62,517	151,028,797	145,629,778
Liabilities:						
Current	13,015,109	17,903,638	-	1,204	13,015,109	17,904,842
Long-term	59,954,174	60,659,760	-	-	59,954,174	60,659,760
Total	72,969,283	78,563,398	-	1,204	72,969,283	78,564,602
Net Assets:						
Investment in capital assets, net of debt	46,658,867	34,313,689	-	-	46,658,867	34,313,689
Restricted for:						
Elderly victims	727,811	732,522	-	-	727,811	732,522
Debt service	11,422,489	4,220,396	-	-	11,422,489	4,220,396
Capital improvements	2,942,670	3,117,364	-	-	2,942,670	3,117,364
Intergovernmental transfers	13,091,035	12,970,449	-	-	13,091,035	12,970,449
Unrestricted	3,155,329	11,649,443	61,313	61,313	3,216,642	11,710,756
Total net assets	\$ 77,998,201	\$ 67,003,863	\$ 61,313	\$ 61,313	\$ 78,059,514	\$ 67,065,176

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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GOVERNMENT-WIDE FINANCIAL ANALYSIS-continued

Net assets of the Office increased by 16.4 percent (\$78 million compared to \$67 million).

The primary change was in capital assets net of related debt. Capital assets net of related debt increased from \$34.3 million in 2006 to \$46.7 million in 2007. In 2005 capital assets net of related debt decreased from \$43.8 million to \$22.3 million due to historical cost impairment from hurricane damage of \$18 million. Combined capital outlay for 2006 and 2007 has exceeded \$21.4 million.

Approximately 60% 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 restricted net assets include \$11.4 million set aside to liquidate debt. The amount set aside to liquidate debt increased by \$7.2 million primarily as a result of the cooperative endeavor agreement with the State of Louisiana, which is currently lending funds to service debt service requirements in 2006 through 2009. Principal and interest will need to be repaid starting in 2012. The Office continues to collect ad valorem taxes in order to repay the debt in the future. The Office is spreading the collection of ad valorem taxes so there will not be an undue hardship on taxpayers to repay the debt in the future. The Office's arbitrage consultant's opinion is that there is no arbitrage rebate liability as of January 1, 2008 and there is no January 1, 2008 liability for excess investment yield.

Funds held for other governmental agencies for their capital improvements increased from \$12.9 million to \$13.1 million since investment income exceeded capital expenditures. The Office cannot use these funds.

Unrestricted net assets 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. Unrestricted net assets decreased by 73% (from \$11.6 million at December 31, 2006 to \$3.2 million at the end of 2007).

Unrestricted current and other assets increased by \$3.4 million.

Decreases in restricted assets of \$5.5 million were offset by decreases in deferred revenues of \$4.9 million. These changes were both primarily related to the advances received by the Office in 2006 on the LCLE Hurricane Infrastructure grant, which was expended in 2007.

Long-term liabilities had no significant changes in total; however please review the long-term obligations discussion that follows for individual changes in the various long-term obligations.

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

**ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007**

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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program:						
Charges for services	\$ 35,202,310	\$ 33,325,821	\$ 662,105	\$ 588,455	\$ 35,864,415	\$ 33,914,276
Operating grants	21,606,928	13,458,231	-	-	21,606,928	13,458,231
Capital grants	3,769,352	9,110,300	-	-	3,769,352	9,110,300
General:						
Ad-valorem taxes	7,091,537	5,558,722	-	-	7,091,537	5,558,722
Investment income	2,688,974	1,800,061	-	-	2,688,974	1,800,061
Other	2,042,001	1,330,873	-	-	2,042,001	1,330,873
Gain (loss) on disposition of capital assets	(733,574)	(218,508)	-	-	(733,574)	(218,508)
Interfund transfers	306,386	162,305	-	-	306,386	162,305
Total revenues and other	71,973,914	64,527,805	662,105	588,455	72,636,019	65,116,260
Expenses:						
Program expenses:						
Custody of prisoners	59,041,965	53,690,953	-	-	59,041,965	53,690,953
Interest	1,654,666	1,746,728	-	-	1,654,666	1,746,728
Commissary and other	-	-	355,719	426,491	355,719	426,491
General:						
Transfers to other governmental agencies	282,945	129,994	-	-	282,945	129,994
Interfund transfers	-	-	306,386	162,305	306,386	162,305
Total expenses and other	60,979,576	55,567,675	662,105	588,796	61,641,681	56,156,471
Net increase (decrease)	10,994,338	8,960,130	-	(341)	10,994,338	8,959,789
Beginning net assets	67,003,863	58,043,733	61,313	61,654	67,065,176	58,105,387
Ending net assets	\$ 77,998,201	\$ 67,003,863	\$ 61,313	\$ 61,313	\$ 78,059,514	\$ 67,065,176

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS-continued

Historically, the Office is heavily reliant on housing municipal, state, and federal inmates to support its operations. Inmate housing revenues provided 69.5% for 2005 and 83.6% for 2004 of the Office's total revenues from governmental activities. However, for 2007 and 2006 this has decreased to 49% and 52% respectively. Charges for services pre-Katrina for the year ended December 31, 2004 were \$64.3 million and in 2007 are only \$35.2 million. This is a 55% decline in charges for services revenue. The prison population was approximately 6,000 inmates prior to Katrina. Following Katrina, there was a complete evacuation of all inmates. By December 31, 2005, the prison population was approximately 1,200 inmates and by December 31, 2006 the Office housed over 2,000 inmates. For December 2007 the Office averaged over 2,500 inmates per day.

The Office is responsible for one of the core components of the local criminal justice system, the operation of the Parish jail system. This responsibility includes providing for the care, custody, and control of subjects housed in jail 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, which includes the execution of all writs, orders, and processes including, warrants and subpoenas, as well as, providing security for the court system. Ancillary functions of the Office include, but are not limited to, law enforcement patrols, the operation of search and rescue, mounted, K-9, motorcycle, and SWAT units, community service programs, work release programs, and inmate rehabilitation. These program expenses for custody of prisoners and other duties decreased from \$75.7 million in 2004 to \$67.9 million in 2005 and \$53.7 million in 2006. In 2007 the program expenses increased to \$59 million. Following Hurricane Katrina, the number of employees decreased from approximately 1,200 employees to less than 400 employees. At December 31, 2007, there are 752 employees an increase of 80 employees from the 672 employees at December 31, 2006. Depreciation on the Office's equipment and buildings increased to \$3.2 million from the prior years' \$2.7 million

Business type activities are the commissary sales to inmates. Sales, which are primarily a factor of the number of inmates, increased 12.5%. The operations of the commissary were outsourced effective August 6, 2007. Profit margins doubled from 28% to 46%. These margins were due to minimum guarantees. As sales increase the profit margins are expected to decrease

FINANCIAL ANALYSIS OF THE OFFICE'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 year in comparison with upcoming financing requirements.

As of December 31, 2007 the Office's governmental funds reported combined ending fund balances of \$51.7 million, an increase of \$5 million or 10.7% in comparison with the prior year. Approximately \$15 million or 29% of this total is an unreserved fund balance, which is available for spending at the Office's discretion.

The remainder of the combined fund balance is reserved and it is not available for new spending because it has already been committed to 1) offset the cost of inventory already purchased (\$.9 million) 2) cash already paid on future expenses (\$.3 million), 3) liquidate open purchase orders and signed construction contracts (\$7.4 million) 4) monies for capital projects for the Office (\$2.9 million) and for other criminal justice agencies (\$13.1 million) which was funded by bonds in prior years 5) monies collected to fund debt (\$11.4 million) and 6) monies for the assistance of elderly victims (\$.7 million).

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS continued

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 \$2.1 million. In 2006 the net change in fund balance was an increase of \$11.5 million. In 2006 the Office received proceeds of \$15.5 million from a Special Community Disaster loan, which is considered an other financing source and increased the fund balance. The Office did not receive a second Special Community Disaster Loan since the criteria for the second loan restricted it to replacement of tax revenues for operations and the Office funds its operations primarily through charges for services and not taxes.

The Office continues to have a General Fund deficiency of revenues over expenditures. The deficiency decreased to \$1.7 million in 2007 compared to a \$3.5 deficiency in 2006. In 2007, inmate-housing revenues increased by \$2.6 million or 9.6%, primarily due to an increase in federal inmates. Federal grant revenues of \$25.3 million were up by 19.4%. Total General Fund expenditures increased by \$6.6 million or 11.1%. Security services expenditures increased by \$5.2 million and plant and maintenance expenditures increased by \$2.4 million.

General Fund liabilities at December 31, 2007 include deferred revenues of \$4.3 million. This is primarily FEMA revenues/receivables that were not collected within sixty days after year-end. In 2006 deferred revenues were \$10.7 million, which consisted of \$5.8 million FEMA revenues/receivables and unexpended cash advances of \$5.9 million from the Hurricane Infrastructure Grant

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

The Capital Project Fund's fund balance decreased by approximately \$50,000 since capital outlay and transfers to other governmental agencies exceeded investment income.

The Debt Service fund balance increased by \$7.2 million net of current debt service payments of \$5.7 million.

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 \$17,256,120 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. During 2007, \$5.7 million was advanced to the Office.

BUDGETARY HIGHLIGHTS

The General Fund – When the original 2007 budget was adopted, it was anticipated that the inmate population would increase by approximately 500 inmates over the November 2006 population. Orleans Parish Prison was not opened as anticipated and these additional inmates were not realized. The 2007 budget was amended to reduce City of New Orleans charges and Louisiana Department of Corrections charges by \$6,675,000 and increase Federal charges by \$1,500,000. The Federal grants were based on the expected expenditure of obligated FEMA funds and expected grants totaling \$32 million. Since the construction projects were not started as soon as expected, the budget for Federal grants was reduced to \$24 million. The expenditures for the original budget were \$82,400,000 and were amended to \$68,150,000. These reductions in expenditures correlate to the lower than expected inmate population and the less aggressive spending of recovery funds.

**ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007**

BUDGETARY HIGHLIGHTS continued

The Debt Service Fund – The original budget anticipated that there would be some collection problems due to non-funded escrow funds. The budget was amended to reflect actual collections and better than expected investment return.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Office's investment in capital assets, net of accumulated depreciation as of December 31, 2007, was \$70.6 million. There was an overall increase of \$7.3 million in capital assets for 2007. Additions for the current year were \$11.3 million (\$10.1 for 2006 and \$2.4 million for 2005). Certain buildings that were originally impaired and expected to be repaired are now being demolished and will be rebuilt. These buildings will be disposed of as demolitions occur.

Major capital events during 2007 include the following:

- Completion of Sidney Zafutto Center
- Completion and opening of Conchetta Detention Facilities
- Continued remodeling of temporary kitchen in the House of Detention (CIP)
- Beginning construction for the Replacement of Vehicle Maintenance Facilities (CIP)
- Beginning construction of the temporary intake and processing center (CIP)

The following table provides a comparative summary of capital assets:

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 5,677,256	\$ 5,535,025
Construction in progress	<u>6,892,326</u>	<u>2,925,883</u>
Depreciable assets:		
Buildings and improvements	67,542,190	63,472,700
Maintenance equipment	1,263,969	848,383
Furniture and equipment	4,138,392	4,216,721
Vehicles	<u>7,110,220</u>	<u>5,924,842</u>
Total depreciable assets	80,054,771	74,462,646
Less accumulated depreciation	<u>22,013,821</u>	<u>19,653,060</u>
Depreciable assets, net	<u>58,040,950</u>	<u>54,809,586</u>
Total assets	<u>\$ 70,610,532</u>	<u>\$ 63,270,494</u>

**ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007**

CAPITAL ASSETS AND DEBT ADMINISTRATION - continued

Long-term obligations

At the end of the fiscal year, the Office had approximately \$65.5 million in long-term obligations as shown in the table below:

	<u>Governmental Activities</u>		
	<u>2007</u>	<u>2006</u>	<u>Percentage change</u>
General obligation bonds	\$20,070,000	\$23,990,000	(16.34)%
Certificate of indebtedness	3,365,000	3,945,000	(14.70)%
Special Community Disaster Loan	18,029,067	18,029,067	0.00%
Go Zone (Cooperative Endeavor)	6,286,703	563,688	1015.28%
Capital lease	500,133	1,006,461	(50.31)%
Claims and judgments	15,310,000	16,627,863	(7.93)%
Accrued sick and annual leave	1,901,731	1,612,748	17.92%
Other	16,531	15,344	7.74%
	<u>\$65,479,165</u>	<u>\$65,790,171</u>	<u>(0.47)%</u>

The long-term obligations of the Office decreased by 0.47%. Significant increases include the draw down of \$5.7 million of Go Zone funds under a \$17.3 million Cooperative Endeavor Agreement with the State of Louisiana, which is available to fund debt service. Principal and interest payments on the Cooperative Agreement do not start until 2012. During 2006 the Office retired \$4.5 million of bonds and notes payable. See Note 9 of the financial statements for additional information regarding long-term debt.

Claims and judgments were reduced by \$1.3 million or 7.9%. The Office's obligation for accrued sick and annual leave increased \$.3 million or 18%.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 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 sentences imposed by the courts. 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 7,200 beds in 12 facilities. 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. During 2006, there were approximately 1,800 inmates per day. At January 1, 2006, approximately 1,200 beds were restored in two facilities. By the end of 2006, there were approximately 2,500 beds available in six facilities. During 2007 the Office opened Conchetta and closed Templeman IV. At the end of 2007 approximately 2,700 beds were available. Orleans Parish Prison owned by the City of New Orleans but operated by the Office was originally expected to open in 2006 and the Office now expects it to open in 2008. The Office is expecting only a 3% increase in revenues from custody of inmates during 2008.

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. At December 31, 2007, the Office has approximately 750 employees. In order to be competitive, and to retain and hire the personnel needed to staff the facilities, raises and salary adjustments have been made. During 2008, as more detention facilities are opened, additional personnel may be added.

Total expenditures anticipated in the 2008 budget are 30% higher than the actual for 2007, however excluding the capital outlay the anticipated expenditures for 2008 increase less than 1% from 2007 actual expenditures excluding capital outlay.

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 2006 and 2007. FEMA total grants are expected to increase to \$175 million (current obligated funds exceed \$150 million) Of these grants, \$4.2 million was recognized in 2005 fund revenue, with an additional \$5.3 million in deferred revenue (\$9.5 million recognized in the changes in net assets for 2005). In 2006, \$14.8 million was recognized in the fund statements and \$15 million in the statement of changes in net assets. In 2007 \$13.4 million in fund revenue and \$12.4 million in the statement of changes in net assets. Cumulative FEMA accrual revenues are approximately \$37 million. The additional FEMA revenues will be recognized as buildings and other reimbursable assets are repaired or replaced

The current 2008 budget anticipates a 20% increase in federal grants due to the increase in FEMA funded construction. Planning on a combined new kitchen and warehouse has started. Completion of the House of Detention temporary kitchen, the temporary intake and processing center and vehicle maintenance facility is expected for 2008.

In 2008, the Office also expects additional Go Zone funding to assist in payment of debt service.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES continued

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 restoration of additional detention facilities to increase capacity to hold some of New Orleans most violent and repeat offenders, (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 adequately accommodate the increasing intake volume; (4) increase emphasis and funding to recruit and retain qualified personnel; (5) purchase much needed equipment for employees so they can complete their missions in a safe and effective manner; (6) expedite the recovery and remediation process between the City of New Orleans and FEMA so that city-owned facilities under the control of the Office can be refurbished and placed into operation.

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 Criminal Sheriff's Office, 2800 Gravier Street, New Orleans, Louisiana 70119.

BASIC FINANCIAL STATEMENTS

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 14,775,506	\$ -	\$ 14,775,506
Investments including accrued interest	37,821,113	-	37,821,113
Intergovernmental receivables	14,946,744	-	14,946,744
Internal balances	(61,313)	61,313	-
Interfund receivables	327,563	-	327,563
Other receivables	1,266,467	-	1,266,467
Prepaid expenses	276,728	-	276,728
Inventories	882,812	-	882,812
Restricted assets:			
Investments held in escrow	10,121,332	-	10,121,332
Capital assets, net of accumulated depreciation	<u>70,610,532</u>	<u>-</u>	<u>70,610,532</u>
 Total assets	 <u>150,967,484</u>	 <u>61,313</u>	 <u>151,028,797</u>
<u>LIABILITIES:</u>			
Accounts payable	6,340,578	-	6,340,578
Accrued interest	1,145,089	-	1,145,089
Deferred revenue	4,450	-	4,450
Long-term liabilities:			
Due within one year	5,524,992	-	5,524,992
Due after one year	<u>59,954,174</u>	<u>-</u>	<u>59,954,174</u>
 Total liabilities	 <u>72,969,283</u>	 <u>-</u>	 <u>72,969,283</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	46,658,867	-	46,658,867
Restricted for:			
Elderly victims	727,811	-	727,811
Debt service	11,422,489	-	11,422,489
Capital improvements	2,942,670	-	2,942,670
Intergovernmental transfers	13,091,035	-	13,091,035
Unrestricted	<u>3,155,329</u>	<u>61,313</u>	<u>3,216,642</u>
 Total net assets	 <u>\$ 77,998,201</u>	 <u>\$ 61,313</u>	 <u>\$ 78,059,514</u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General Fund	Capital Projects	Debt Service	Non-major Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	\$ 7,206,386	\$ 6,863,033	\$ 7,076	\$ 699,011	\$ 14,775,506
Investments plus accrued interest	7,380,973	9,700,098	10,688,905	-	27,769,976
Intergovernmental receivables	13,860,840	-	1,085,904	-	14,946,744
Interfund receivables	4,115,846	-	726,508	49,546	4,891,900
Other receivables	1,266,467	-	-	-	1,266,467
Prepaid expenses	276,728	-	-	-	276,728
Inventory	882,812	-	-	-	882,812
Total assets	\$ 34,990,052	\$ 16,563,131	\$ 12,508,393	\$ 748,557	\$ 64,810,133
LIABILITIES:					
Accounts payable	\$ 6,340,578	\$ -	\$ -	\$ -	\$ 6,340,578
Interfund payables	836,887	529,426	-	480	1,366,793
Deferred revenue	4,281,774	-	1,085,904	-	5,367,678
Accrued annual and sick leave	15,000	-	-	-	15,000
Total liabilities	11,474,239	529,426	1,085,904	480	13,090,049
FUND BALANCES:					
Reserved for:					
Inventory	882,812	-	-	-	882,812
Prepaid expenses	276,728	-	-	-	276,728
Encumbrances	7,355,455	-	-	-	7,355,455
Capital improvements	-	2,942,670	-	-	2,942,670
Intergovernmental transfers	-	13,091,035	-	-	13,091,035
Debt service	-	-	11,422,489	-	11,422,489
Elderly victims	-	-	-	727,811	727,811
Unreserved:					
Designated for retirement of Special Community Disaster Loan	8,000,000	-	-	-	8,000,000
Undesignated	7,000,818	-	-	20,266	7,021,084
Total fund balance	23,515,813	16,033,705	11,422,489	748,077	51,720,084
Total liabilities and fund balances	\$ 34,990,052	\$ 16,563,131	\$ 12,508,393	\$ 748,557	\$ 64,810,133

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total fund balances for governmental funds at December 31, 2007 \$ 51,720,084

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. Those assets consist of:

Land	5,677,256
Construction in progress	6,892,326
Buildings and improvements, net of \$15,345,191 accumulated depreciation	52,196,999
Maintenance equipment, net of \$526,709 accumulated depreciation	737,260
Office furniture and equipment, net of \$2,775,260 accumulated depreciation	1,363,132
Vehicles, net of \$3,366,661 accumulated depreciation	<u>3,743,559</u>
	70,610,532

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.

5,363,228

Internal services funds are used by the Office to charge the costs of claims, judgments and legal costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:

1,603,612

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 capital leases	(1,145,089)
Bonds payable	(47,750,770)
Bond premium, net of accumulated amortization	(25,972)
Bond discount, net of accumulated accretion	9,441
Capital leases payable	(500,134)
Accrued annual and sick leave, long-term portion	<u>(1,886,731)</u>
	<u>(51,299,255)</u>

Total net assets of governmental activities at December 31, 2007 \$ 77,998,201

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Capital Projects	Debt Service	Non-major Governmental	Total Governmental
REVENUES:					
Custody of inmates:					
City of New Orleans charges	\$ 24,215,395	\$ -	\$ -	\$ -	\$ 24,215,395
State of Louisiana Department of Corrections charges	1,464,942	-	-	-	1,464,942
Federal charges	4,092,238	-	-	-	4,092,238
Investment income	859,161	807,604	435,165	22,231	2,124,161
On-behalf payments	3,843,963	-	-	-	3,843,963
Other income	2,040,940	-	-	9,839	2,050,779
State supplemental pay	1,618,581	-	-	-	1,618,581
Federal grants	25,309,882	-	-	-	25,309,882
Restitution/administration	408,538	-	-	-	408,538
Release processing fees	358,629	-	-	-	358,629
Ad valorem tax revenue	-	-	6,005,633	-	6,005,633
Total revenues	64,212,269	807,604	6,440,798	32,070	71,492,741
EXPENDITURES:					
Central services	3,992,404	-	-	-	3,992,404
Court services	3,942,665	-	-	-	3,942,665
Security services	19,482,923	-	-	-	19,482,923
Administrative services	3,989,223	-	-	-	3,989,223
Records and booking	5,703,517	-	-	-	5,703,517
Inmate services	9,693,098	-	-	-	9,693,098
Grants and special programs	369,436	-	-	-	369,436
Plant and maintenance	7,472,084	-	-	-	7,472,084
Miscellaneous	8,464	951	485	29,599	39,499
Debt retirement	506,327	-	4,500,000	-	5,006,327
Interest payments	37,496	-	1,223,015	-	1,260,511
Capital outlays	10,696,973	577,816	-	-	11,274,789
Total expenditures	65,894,610	578,767	5,723,500	29,599	72,226,476
Excess (deficiency) of revenues over expenditures	(1,682,341)	228,837	717,298	2,471	(733,735)

(continued)

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Capital Projects	Debt Service	Non-major Governmental	Total Governmental
<u>OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:</u>					
Proceeds from Cooperative Endeavor Agreement with State of Louisiana	-	-	5,723,015	-	5,723,015
Transfers in	306,386	-	761,780	-	1,068,166
Transfers (out)	(761,780)	-	-	-	(761,780)
Transfers to other governmental agencies	-	(282,945)	-	-	(282,945)
Total other financing sources (uses), including transfers	(455,394)	(282,945)	6,484,795	-	5,746,456
Net changes in fund balances	(2,137,735)	(54,108)	7,202,093	2,471	5,012,721
<u>FUND BALANCES, BEGINNING (as restated)</u>	25,653,548	16,087,813	4,220,396	745,606	46,707,363
<u>FUND BALANCES, ENDING</u>	\$ 23,515,813	\$ 16,033,705	\$ 11,422,489	\$ 748,077	\$ 51,720,084

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2007

Total net changes in fund balances at December 31, 2007 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 5,012,721
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 \$11,270,437 exceeded depreciation expense of \$3,196,825.	8,073,612
Net book value of capital assets disposed during the year	(733,574)
New debt issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(5,723,015)
Repayments of bond principal and capital leases 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.	5,006,327
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.	(475,054)
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	6,307
Accretion of bond discount	(7,494)
Accrued interest on bonds and capital leases	(430,464)
Accrued annual and sick leave	(288,983)
	<u>(720,634)</u>
Internal service fund is used by the Office to charge the costs of claims, judgements, and legal costs to individual funds. The net revenue of internal service fund is reported with governmental activities.	<u>553,955</u>
Total change in net assets at December 31, 2007 per Statement of Activities	<u>\$ 10,994,338</u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

ASSETS

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds Non-Major</u>	<u>Internal Service Funds</u>
<u>CURRENT ASSETS:</u>		
Investments	\$ -	\$ 9,971,095
Interest receivable	-	80,042
Interfund receivables	61,313	-
Restricted assets:		
Investments held in escrow	-	10,121,332
 Total current assets	 <u>61,313</u>	 <u>20,172,469</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES:</u>		
<u>Current liabilities:</u>		
Interfund payables	-	3,258,857
Claims and judgments	-	344,594
 Total current liabilities	 <u>-</u>	 <u>3,603,451</u>
<u>Noncurrent liabilities:</u>		
Claims and judgments	-	14,965,406
 Total noncurrent liabilities	 <u>-</u>	 <u>14,965,406</u>
 Total liabilities	 <u>-</u>	 <u>18,568,857</u>
 <u>NET ASSETS:</u>		
Unrestricted	<u>61,313</u>	<u>1,603,612</u>
 Total net assets	 <u>\$ 61,313</u>	 <u>\$ 1,603,612</u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds Non-Major</u>	<u>Internal Service Funds</u>
<u>OPERATING REVENUES:</u>		
Sales	\$ 662,105	\$ -
Less: cost of goods sold	<u>(282,387)</u>	<u>-</u>
Gross profit	379,718	-
Insurance revenues	<u>-</u>	<u>818,605</u>
Total operating revenues	<u>379,718</u>	<u>818,605</u>
<u>OPERATING EXPENSES:</u>		
Legal services, claims and judgments	-	818,605
Trustee fees	-	7,930
Personnel costs	73,332	-
Miscellaneous	<u>-</u>	<u>2,928</u>
Total operating expenses	<u>73,332</u>	<u>829,463</u>
Operating income (loss)	<u>306,386</u>	<u>(10,858)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>		
Investment income	<u>-</u>	<u>564,813</u>
Income before transfers	306,386	553,955
<u>TRANSFERS:</u>		
Transfers out	<u>(306,386)</u>	<u>-</u>
Change in net assets	-	553,955
<u>TOTAL NET ASSETS, BEGINNING</u>	<u>61,313</u>	<u>1,049,657</u>
<u>TOTAL NET ASSETS, ENDING</u>	<u>\$ 61,313</u>	<u>\$ 1,603,612</u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds Non-Major</u>	<u>Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from inmates and customers	\$ 662,105	\$ -
Cash received for self-insurance premiums	-	2,154,890
Cash paid to suppliers	(282,387)	(10,858)
Cash paid to employees	(73,332)	-
Cash paid for legal services, claims, and judgments	-	(2,154,890)
	<u>306,386</u>	<u>(10,858)</u>
Net cash flows provided by (used in) operating activities		
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Cash paid to other funds	<u>(306,386)</u>	-
	<u>(306,386)</u>	-
Net cash flows used in noncapital financing activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and dividends received	-	585,077
Investment proceeds	-	26,494,231
Investments purchases	<u>-</u>	<u>(27,586,450)</u>
	<u>-</u>	<u>(507,142)</u>
Net cash flows used in investing activities		
Net change in cash and cash equivalents	-	(518,000)
Cash and cash equivalents, beginning	<u>-</u>	<u>518,000</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	\$ 306,386	\$ (10,858)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Increase in interfund receivables	(16,341)	-
Decrease in inventory	17,545	-
Decrease in accounts payable	(1,204)	-
Increase in interfund payables	-	1,336,265
Decrease in claims and judgments	<u>-</u>	<u>(1,336,265)</u>
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 306,386</u>	<u>\$ (10,858)</u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Pension Trust	Agency Funds
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 5,722	\$ 708,825
Interest receivable	37,409	-
Other receivables	5,896	1,811
Investments	3,478,657	-
Total assets	3,527,684	710,636
 <u>LIABILITIES:</u>		
Due to inmates and others	-	383,073
Advance payment on contributions	276,728	-
Interfund payables	-	327,563
Total liabilities	276,728	710,636
 <u>NET ASSETS:</u>		
Net assets held in trust for pension benefits	3,250,956	-
Total net assets	\$ 3,250,956	\$ -

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Pension Trust</u>
<u>ADDITIONS:</u>	
Employer contributions	\$ 95,226
Employee contributions	<u>156,294</u>
Total contributions	251,520
Investment income	<u>263,733</u>
Total investment income	<u>263,733</u>
Total additions	515,253
<u>DEDUCTIONS:</u>	
Trustee fees	22,385
Benefits paid to participants	<u>761,605</u>
Total deductions	<u>783,990</u>
Change in net assets	(268,737)
<u>NET ASSETS, BEGINNING</u>	<u>3,519,693</u>
<u>NET ASSETS, ENDING</u>	<u>\$ 3,250,956</u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

INTRODUCTION

The Orleans Parish Criminal Sheriff's Office (the Office) was created by the Louisiana Constitution of 1921, Article 7, Section 89. The Criminal Sheriff is elected by qualified electors every four years. The Criminal Sheriff is in charge of the direction and supervision of all deputy criminal sheriffs who possess all of the powers and authority granted by law to the Sheriff.

Among the powers of the Criminal 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 Criminal Sheriff is the executive officer of the Criminal District Courts and has the authority to serve citations, summons, subpoenas, notices and other process, and to execute writs, mandates, orders, and judgments directed to him by the Criminal 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 Act amended Chapter 26 of Title 33 of the Louisiana Revised Statutes. The Criminal Sheriff of the Parish of Orleans is the Chief Ex-Officio Executive Officer of the District. The purpose of the District is to provide financing for the Criminal Sheriff through the levying and collection of tax millages. The proceeds of these tax revenues may be used to fund the operations of the Criminal Sheriff's Office or fund the repayment of debt.

Louisiana Revised Statute 33:1500 states there shall be 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 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.

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

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. The more significant accounting policies established in GAAP and used by the Office are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

Reporting Entity

The Orleans Parish Criminal Sheriff's Office is a "primary government" as defined in GASB pronouncements 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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

Reporting Entity (continued)

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 and related general administrative services are classified as governmental activities. The Office's inmate commissary is classified as a business-type activity.

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 business-type activities (inmate commissary operations). The functions are also supported by general government revenues (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 prisoners) or a business-type activity. Operating grants include operating-specific and discretionary grants, while the capital grant column reflects capital-specific grants.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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(1) **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(CONTINUED)

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

The net costs (by function or business-type activity) are normally covered by general revenue (investment income, etc.).

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. 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 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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

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

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 fund (self-insurance fund) is 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.

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 funds 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.

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 Funds

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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

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.

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 deferred 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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

The Sheriff'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.

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.

Cash and Cash Equivalents

Cash includes amounts 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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

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 deposits 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) in 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.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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 is carried at weighted average cost. The weighted average cost is recorded as an expenditure at the time of consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid items in both government-wide and fund financial statements.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

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:

<u>Description</u>	<u>Estimated Lives</u>
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. Upon retirement, resignation, or termination, the employee is paid for all accumulated unused annual leave.

Sick leave is accumulated until the employee retires, resigns, or is terminated. Upon retirement, resignation, or termination, the employee is paid a ratio of 1 hour of pay for 5 hours accumulated sick leave, only if the employee has accumulated over 500 hours. An employee who has less than 500 hours of sick leave does not receive any pay for the time accumulated.

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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

Restricted Net Assets

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

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

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 designations of fund balance represent tentative management plans that are subject to change.

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.

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, 2007, the Office has cash and cash equivalents (book balances) as follows:

Demand deposits	\$	650,872
Interest-bearing demand deposits		8,099,253
Certificates of deposit		6,725,428
Other		<u>14,500</u>
Total	\$	<u>15,490,053</u>

Reconciliation to Government-Wide Statement of Net Assets:

Per Government-Wide Statement of Net Assets:		
Cash and cash equivalents	\$	14,775,506
Fiduciary Funds (not included in Government-Wide Financial Statements):		
Pension Trust		5,722
Agency Funds		<u>708,825</u>
Total	\$	<u>15,490,053</u>

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(2) CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2007, the carrying amount of the Office's deposits was \$8,764,625 and the bank balances were \$17,040,735. Of the bank balances, \$575,001 was covered by federal depository insurance, and \$16,465,734 was covered by pledged securities held by the custodial bank in the name of the fiscal agent bank.

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, 2007, the Office's investment balances were as follows:

U.S. Treasury Obligations	\$ 2,143,231
Federal Agency Obligations	34,582,546
Money Market Funds	14,041,052
Interest receivable	<u>691,682</u>
Total	<u>\$ 51,458,511</u>

Reconciliation to Government-Wide Statement of Net Assets:

Investments including accrued interest	\$ 37,821,113
Investments held in escrow	<u>10,121,332</u>
Per Government-Wide Statement of Net Assets	47,942,445
Fiduciary Funds (not included in Government-Wide Financial Statements):	
Pension Trust, including interest receivable	<u>3,516,066</u>
	<u>\$ 51,458,511</u>

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(3) INVESTMENTS (CONTINUED)

As of December 31, 2007, the Office had the following investment types and maturities for investments subject to interest rate risk.

	Fair Value	Remaining Maturity (in Years)	
		Less Than One	1 - 5
U.S. Treasury Obligations	\$ 2,143,231	\$ 215,611	\$ 1,927,620
Federal Agency Obligations	34,582,546	17,704,865	16,877,681
	<u>\$ 36,725,777</u>	<u>\$ 17,920,476</u>	<u>\$ 18,805,301</u>

Credit Risk

As of December 31, 2007, the Office's investments in Federal Agency Obligations were rated AAA by Moody's.

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, 2007 are as follows:

Custody of prisoners:	
City of New Orleans	\$ 1,944,055
Federal Agencies	873,647
State of Louisiana	532,100
Parishes	<u>234,465</u>
	3,584,267
Other:	
FEMA Grants	7,437,476
Hurricane Tier One Katrina	2,518,672
LACLE and other grants	320,425
Ad Valorem Taxes	<u>1,085,904</u>
	<u>\$ 14,946,744</u>

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

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at December 31, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 529,426
	Internal Service Fund	3,258,857
	Agency Funds	327,563
Debt Service Fund	General Fund	726,508
Non-major Governmental Funds	General Fund	49,066
Non-major Enterprise Funds	General Fund	<u>61,313</u>
		<u>\$ 4,952,733</u>

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.

A summary of interfund transfers for the year ended December 31, 2007 is as follows:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfers Out:			
General Fund	\$ -	\$ 761,780	\$ 761,780
Non-major Enterprise Funds	<u>306,386</u>	<u>-</u>	<u>306,386</u>
	<u>\$ 306,386</u>	<u>\$ 761,780</u>	<u>\$ 1,068,166</u>

(6) PREPAID EXPENSES

Payments made prior to December 31, 2007 that will benefit periods beyond December 31, 2007 are recorded as prepaid expenses. Prepaid expenses at December 31, 2007 consist of prepaid pension expense of \$276,728.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(7) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2007 are as follows:

	December 31, <u>2006</u>	<u>Additions</u>	<u>Disposals</u>	December 31, <u>2007</u>
Capital assets not being depreciated:				
Land	\$ 5,535,025	\$ 142,231	\$ -	\$ 5,677,256
Construction in progress	<u>2,925,883</u>	<u>4,576,572</u>	<u>(610,129)</u>	<u>6,892,326</u>
Total non-depreciable assets	<u>\$ 8,460,908</u>	<u>\$ 4,718,803</u>	<u>\$ (610,129)</u>	<u>\$ 12,569,582</u>
Capital assets being depreciated:				
Buildings and improvements	63,472,700	4,162,153	(92,663)	67,542,190
Maintenance equipment	848,383	415,586	-	1,263,969
Office furniture and equipment	4,216,721	432,896	(511,225)	4,138,392
Vehicles	<u>5,924,842</u>	<u>1,540,999</u>	<u>(355,621)</u>	<u>7,110,220</u>
Total depreciable assets	<u>74,462,646</u>	<u>6,551,634</u>	<u>(959,509)</u>	<u>80,054,771</u>
Totals	<u>\$ 82,923,554</u>	<u>\$ 11,270,437</u>	<u>\$ (1,569,638)</u>	<u>\$ 92,624,353</u>
Less accumulated depreciation:				
Buildings and improvements	13,707,019	1,649,654	(11,482)	15,345,191
Maintenance equipment	373,129	153,580	-	526,709
Office furniture and equipment	2,852,595	433,890	(511,225)	2,775,260
Vehicles	<u>2,720,317</u>	<u>959,701</u>	<u>(313,357)</u>	<u>3,366,661</u>
Total accumulated depreciation	<u>19,653,060</u>	<u>3,196,825</u>	<u>(836,064)</u>	<u>22,013,821</u>
Capital assets, net	<u>\$ 63,270,494</u>	<u>\$ 8,073,612</u>	<u>\$ (733,574)</u>	<u>\$ 70,610,532</u>

Depreciation expense in the amount of \$3,196,825 was charged to custody of inmates.

The Office has active construction projects as of December 31, 2007 totaling \$6,892,326. The major projects include the renovation of the temporary House of Detention kitchen, construction of a temporary intake and processing facility, and the rebuilding of the vehicle maintenance facility. The remaining commitments on the active construction projects at December 31, 2007 total approximately \$6,850,000.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) PENSION PLANS

The Orleans Parish Criminal 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 Orleans Parish Criminal Sheriff's Employees Retirement Plan (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.

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 no contributions in 2007. Forfeitures of \$95,226 in 2007 were credited to the benefit of the employer for the year ended December 31, 2007. The employees contributed to the Plan through payroll withholdings a total of \$156,294 for the year ended December 31, 2007, which represents both the required and additional voluntary contributions.

(b) Defined Benefit Pension Plan

Effective July 1, 1997, the Office contributes to the Louisiana Sheriff's Pension & 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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) PENSION PLANS (CONTINUED)

(b) Defined Benefit Pension Plan (continued)

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 Sheriff's Pension & Relief Fund, P.O. Box 3163, Monroe, Louisiana 71210-3163 or by calling (318) 362-3191.

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 11.00% of annual covered payroll.

The contributions for the year ended December 31, 2007 were as follows:

	<u>Amount</u>	<u>Percent of Covered Payroll</u>
Employee	\$ 2,628,817	10.00%
Employer	\$ 2,889,372	11.00%

The Office's contributions to the System for the years ended December 31, 2006, 2005 and 2004 were \$2,078,617, \$2,499,055 and \$2,729,432, respectively, 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 2007 the Plan allowed employees to contribute up to the lesser of \$15,500 for employees 49 years of age or younger; \$20,500 for employees 50 years of age or older (\$31,000 for those eligible for catch-up) or 100% of their salary. The Office matches contributions up to the lesser of \$15,000 (employees 49 years of age or younger) or \$20,000 (employees 50 years of age or older) or \$30,000 for those eligible for catch-up or 9.8% of each participant's salary. Employees contributed through payroll withholdings a total of \$639,041 and the Office made matching contributions of \$617,824 for the year ended December 31, 2007.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(9) LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2007:

	Balance at December 31, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2007</u>	Due Within <u>One Year</u>
<u>Bonds and notes payable:</u>					
General Obligation Refunding Bonds (Series 1997): \$25,255,000 originally issued with interest rates ranging from 3.85% to 4.95%, maturing May 1, 1998 through May 1, 2010, secured by collections of ad valorem taxes.	\$ 11,140,000	\$ -	\$ (2,580,000)	\$ 8,560,000	\$ 2,715,000
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.	12,850,000	-	(1,340,000)	11,510,000	1,340,000
Special Community Disaster Loan: \$18,029,067 originally issued with interest rate of 2.69%, maturing in 2010, secured by revenues of the Office.	18,029,067	-	-	18,029,067	-
Certificates of Indebtedness, (Series 2002): \$6,000,000 originally issued with an interest rate of 5%, maturing January 1, 2004 through January 1, 2012, secured by a pledge and dedication of the excess of annual revenues of the Office.	3,945,000	-	(580,000)	3,365,000	610,000
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.	<u>563,688</u>	<u>5,723,015</u>	<u>-</u>	<u>6,286,703</u>	<u>-</u>
	46,527,755	5,723,015	(4,500,000)	47,750,770	4,665,000
<u>Other liabilities:</u>					
Claims and judgments	16,627,863	818,605	(2,136,468)	15,310,000	344,594
Accrued annual and sick leave	1,612,748	1,317,978	(1,028,995)	1,901,731	15,000
Capital leases payable	1,006,461	-	(506,327)	500,134	500,134
Bond premium, net of accumulated amortization	32,279	-	(6,307)	25,972	5,690
Bond discount, net of accumulated accretion	<u>(16,935)</u>	<u>-</u>	<u>7,494</u>	<u>(9,441)</u>	<u>(5,426)</u>
	<u>\$ 65,790,171</u>	<u>\$ 7,859,598</u>	<u>\$ (8,170,603)</u>	<u>\$ 65,479,166</u>	<u>\$ 5,524,992</u>

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(9) LONG-TERM DEBT OBLIGATIONS (CONTINUED)

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,665,000	\$ 964,353	\$ 5,629,353
2009	4,830,000	742,220	5,572,220
2010	23,034,067	2,623,421	25,657,488
2011	2,045,000	356,777	2,401,777
2012	2,379,324	543,370	2,922,694
2013-2026	<u>10,797,379</u>	<u>2,657,079</u>	<u>13,454,458</u>
	<u>\$ 47,750,770</u>	<u>\$ 7,887,220</u>	<u>\$ 55,637,990</u>

Interest expense on long-term debt for the year ended December 31, 2007 was \$1,692,162.

During December 2005, the Office entered into a long-term agreement with the Federal Emergency Management Agency under the Special Community Disaster Loan Act of 2005, as a result of the major disaster declaration of August 29, 2005 for Hurricane Katrina. The Office has drawn down the total \$18,029,067 available funds as of December 31, 2007. The loan is for a term of five years, which may be extended, at an interest rate of 2.69%. The total term of the loan under Section 417(a) of the Stafford Act normally may not exceed ten years, but in extenuating circumstances involving financial hardship, the local government may request an additional period beyond ten years to repay the indebtedness. Simple interest accrues from the date of each disbursement. Payments of principal and interest are deferred until the end of the five year period plus extensions, if any.

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 is 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 percent. 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. The Office had drawdown on the loan in 2007 for \$5,723,015, for principal and interest payments.

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 Criminal Sheriff's Office, District Attorney, Criminal District Courts, Clerk of Criminal District Court, Juvenile Court, and Municipal and Traffic Court. One half, or \$13.5 million, was allocated to governmental agencies other than the Office.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(9) LONG-TERM DEBT OBLIGATIONS (CONTINUED)

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

<u>Agency</u>	<u>Original Balance</u>	<u>Transferred to other Agencies</u>	<u>Estimated Interest Earned</u>	<u>Remaining Balance at December 31, 2007</u>
Orleans Parish District Attorney	\$ 2,500,000	\$ 1,173,357	\$ 327,631	\$ 1,654,274
Orleans Parish Criminal District Courts	8,500,000	260,003	1,113,946	9,353,943
Orleans Parish Clerk of Criminal District Courts	800,000	205,347	104,842	699,495
Orleans Parish Juvenile Court	1,000,000	5,085	131,052	1,125,967
Orleans Parish Municipal and Traffic Court	700,000	534,111	91,737	257,626
Restricted for intergovernmental transfers	<u>\$ 13,500,000</u>	<u>\$ 2,177,903</u>	<u>\$ 1,769,208</u>	<u>\$ 13,091,305</u>

(10) CAPITAL LEASES

The Office has entered into a capital lease for the purchase of a computer server. Payments on the lease are due monthly from February 2006 to November 2008 with an interest rate of 4.598%. The lease is secured by an interest in the computer server.

The Office has entered into a capital lease for the purchase of copiers. Payments on the lease are due monthly from March 2006 to February 2008 with an interest rate of 4.598%. The lease is secured by an interest in the copiers.

Future lease obligations are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 500,134	\$ 14,318	\$ 514,452

Included in furniture and equipment is \$1,417,603 for the computer server and \$91,772 for the copiers subject to the capital leases. Accumulated depreciation of the equipment was \$657,121 at December 31, 2007.

(11) RISK MANAGEMENT

The Orleans Parish Criminal 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.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(11) RISK MANAGEMENT (CONTINUED)

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 Criminal Sheriff's Office is a defendant in various lawsuits pertaining to material matters. As of December 31, 2007, on the advice of legal counsel, \$15,310,000 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:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End</u>
2006	\$ 16,564,100	\$ 1,737,965	\$ 1,674,202	\$ 16,627,863
2007	\$ 16,627,863	\$ 818,605	\$ 2,136,468	\$ 15,310,000

At December 31, 2007, the Self Insurance Fund held \$16,913,612 in assets designated for payment of these and future claims.

Amounts Held in Escrow

Pursuant to a preliminary settlement agreement, the Office transferred \$9,375,000 of its Self-Insurance Fund to an escrow fund, as a settlement and compromise on the class action lawsuit, Greta Cazenave, et al. v. Charles C. Foti, Jr., et al., now pending in the U.S. District Court. Interest accumulates on the fund and the balance at December 31, 2007 is \$10,121,332. The funds are being held until a court approved settlement or other settlement is reached. Pursuant to a future Court order, these funds will be disbursed to all qualifying plaintiffs with undistributed funds returned to the Office, if any. These funds are included in the accompanying financial statements as a restricted asset, "Investments held in escrow". The liability for this proceeding is included in the \$15,310,000 liability for claims and judgments.

(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 among others.

Hospitalization premiums, unemployment benefits, and workers' compensation premiums paid by the City of New Orleans on behalf of the Office totaled \$3,843,963 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 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 Criminal Sheriff's Employees Retirement Plan with eight years of service and 55 years of age or older.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(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	\$ 136,005
Expense allowance	\$ 13,600

(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, the State of Louisiana Department of Corrections and various Federal agencies. For the year ended December 31, 2007, revenues from these sources totaled \$29,772,575.

(15) CONTINGENCIES

Litigation

The Office is a defendant in various lawsuits including accidents, deaths, jail conditions, and civil rights. 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 an 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.

(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, 2007, the Office has received insurance proceeds of \$1,000,000 and reimbursements from the Federal Emergency Management Association (FEMA) of \$33,744,120. Included in accounts receivable at December 31, 2007 is \$3,160,152 of reimbursements from FEMA received within 60 days after December 31, 2007 and \$4,277,324 of additional accruals related to FEMA. Unobligated FEMA grants, which are awaiting final approval and are expected to be reimbursed for \$282,736 of 2007 recorded expenditures, are not recorded in accounts receivable. Advances and receipts for unrecorded expenses of \$925,513 are recorded as a payable to the State of Louisiana, the pass through agency for FEMA funds. No additional insurance proceeds are expected to be recovered.

FEMA obligated grants total \$150,352,869 at December 31, 2007. Subsequent to year end, an additional \$668,930 has been obligated. The obligated amounts are expected to increase as rebuilding continues.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(17) **PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to record \$1,934,198 of billing credits for charges to the City of New Orleans for custody of inmates, restating General Fund net assets at December 31, 2006 from \$27,587,746 to \$25,653,548.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
REVENUES:				
Custody of prisoners:				
City of New Orleans charges	\$ 31,900,000	\$ 25,400,000	\$ 24,215,395	\$ (1,184,605)
State of Louisiana Department of Corrections charges	1,500,000	1,325,000	1,464,942	139,942
Federal charges	2,600,000	4,100,000	4,092,238	(7,762)
On-behalf payments	4,600,000	3,500,000	3,843,963	343,963
Other income	2,850,000	3,650,000	3,667,268	17,268
State supplemental pay	1,200,000	1,600,000	1,618,581	18,581
Federal grants	32,000,000	24,000,000	25,309,882	1,309,882
Total revenues	76,650,000	63,575,000	64,212,269	637,269
EXPENDITURES:				
Central services	10,800,000	6,270,000	4,536,227	(1,733,773)
Court services	5,300,000	4,265,000	3,942,665	(322,335)
Security services	13,200,000	18,650,000	19,482,923	832,923
Administrative services	3,800,000	4,150,000	3,989,223	(160,777)
Records and booking	6,600,000	6,810,000	5,703,517	(1,106,483)
Inmate services	18,300,000	9,700,000	9,693,098	(6,902)
Grants and special programs	-	255,000	369,436	114,436
Plant and maintenance and capital outlays	24,400,000	18,050,000	18,177,521	127,521
Total expenditures	82,400,000	68,150,000	65,894,610	(2,255,390)
Excess (deficiency) of revenues over expenditures	(5,750,000)	(4,575,000)	(1,682,341)	2,892,659
OTHER FINANCING SOURCES (USES):				
Proceeds from insurance and sale of assets	-	53,264	-	(53,264)
Transfers in	675,000	315,000	306,386	(8,614)
Transfers (out)	(762,000)	(762,000)	(761,780)	220
Total other financing sources (uses)	(87,000)	(393,736)	(455,394)	(61,658)
Net change in fund balance	(5,837,000)	(4,968,736)	(2,137,735)	2,831,001
FUND BALANCES, BEGINNING	27,730,547	25,737,746	25,653,548	(84,198)
FUND BALANCES, ENDING	21,893,547	20,769,010	23,515,813	2,746,803
Less: Designated for Special Community Disaster				
Loan repayments	(18,030,000)	(18,030,000)	(8,000,000)	10,030,000
Less: Reserved	-	-	(8,514,995)	(8,514,995)
UNDESIGNATED FUND BALANCE	\$ 3,863,547	\$ 2,739,010	\$ 7,000,818	\$ 4,261,808

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment income	\$ 150,000	\$ 375,000	\$ 435,165	\$ 60,165
Ad valorem tax revenue	<u>5,040,000</u>	<u>6,005,000</u>	<u>6,005,633</u>	<u>633</u>
Total revenues	<u>5,190,000</u>	<u>6,380,000</u>	<u>6,440,798</u>	<u>60,798</u>
<u>EXPENDITURES:</u>				
Debt retirement	4,500,000	4,500,000	4,500,000	-
Interest payments	1,223,015	1,223,015	1,223,015	-
Miscellaneous	<u>-</u>	<u>54</u>	<u>485</u>	<u>431</u>
Total expenditures	<u>5,723,015</u>	<u>5,723,069</u>	<u>5,723,500</u>	<u>431</u>
Excess (deficiency) of revenues over expenditures	(533,015)	656,931	717,298	60,367
<u>OTHER FINANCING SOURCES:</u>				
Proceeds from Cooperative Endeavor Agreement	5,723,015	5,723,015	5,723,015	-
Transfers in	<u>762,000</u>	<u>762,000</u>	<u>761,780</u>	<u>(220)</u>
Total other financing sources	<u>6,485,015</u>	<u>6,485,015</u>	<u>6,484,795</u>	<u>(220)</u>
Net change in fund balance	5,952,000	7,141,946	7,202,093	60,147
<u>FUND BALANCES, BEGINNING</u>	<u>4,233,932</u>	<u>4,220,396</u>	<u>4,220,396</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>10,185,932</u>	<u>11,362,342</u>	<u>11,422,489</u>	<u>60,147</u>
Less: Designated for Cooperative Endeavor Agreement repayments	<u>(6,286,703)</u>	<u>(6,286,703)</u>	<u>(6,286,703)</u>	<u>-</u>
<u>FUND BALANCE FOR REPAYMENTS OTHER THAN COOPERATIVE ENDEAVOR AGREEMENT</u>	<u>\$ 3,899,229</u>	<u>\$ 5,075,639</u>	<u>\$ 5,135,786</u>	<u>\$ 60,147</u>

See Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2007

	<u>Scholarship Fund</u>	<u>Elderly Victims Fund</u>	<u>Benevolent Fund</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ -	\$ 689,910	\$ 9,101	\$ 699,011
Interfund receivables	11,645	37,901	-	49,546
 Total assets	 <u>\$ 11,645</u>	 <u>\$ 727,811</u>	 <u>\$ 9,101</u>	 <u>\$ 748,557</u>
<u>LIABILITIES:</u>				
Interfund payables	\$ -	\$ -	\$ 480	\$ 480
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>480</u>	 <u>480</u>
<u>FUND BALANCES:</u>				
Reserved for:				
Reserved for elderly victims	-	727,811	-	727,811
Unreserved	11,645	-	8,621	20,266
 Total fund balances	 <u>11,645</u>	 <u>727,811</u>	 <u>8,621</u>	 <u>748,077</u>
 Total liabilities and fund balances	 <u>\$ 11,645</u>	 <u>\$ 727,811</u>	 <u>\$ 9,101</u>	 <u>\$ 748,557</u>

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Scholarship Fund	Elderly Victims Fund	Benevolent Fund	Total
<u>REVENUES:</u>				
Investment income	\$ -	\$ 22,068	\$ 163	\$ 22,231
Other income	-	-	9,839	9,839
 Total revenues	 -	 22,068	 10,002	 32,070
<u>EXPENDITURES:</u>				
Miscellaneous	-	26,779	2,820	29,599
 Total expenditures	 -	 26,779	 2,820	 29,599
Excess of revenues over expenditures	-	(4,711)	7,182	2,471
<u>FUND BALANCES, BEGINNING</u>	<u>11,645</u>	<u>732,522</u>	<u>1,439</u>	<u>745,606</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 11,645</u>	<u>\$ 727,811</u>	<u>\$ 8,621</u>	<u>\$ 748,077</u>

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	<u>ASSETS</u>		
	<u>Commissary</u>	<u>Community Service Funds</u>	<u>Total Non-Major Enterprise Funds</u>
<u>CURRENT ASSETS:</u>			
Interfund receivable	\$ 59,955	\$ 1,358	\$ 61,313
Total current assets	<u>59,955</u>	<u>1,358</u>	<u>61,313</u>
<u>NET ASSETS</u>			
<u>NET ASSETS:</u>			
Unrestricted	<u>59,955</u>	<u>1,358</u>	<u>61,313</u>
Total net assets	<u>\$ 59,955</u>	<u>\$ 1,358</u>	<u>\$ 61,313</u>

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Commissary</u>	<u>Community Service Funds</u>	<u>Total Non-Major Enterprise Funds</u>
<u>OPERATING REVENUES:</u>			
Sales	\$ 662,105	\$ -	\$ 662,105
Less: cost of goods sold	<u>(282,387)</u>	<u>-</u>	<u>(282,387)</u>
Gross profit	379,718	-	379,718
Total operating revenues	<u>379,718</u>	<u>-</u>	<u>379,718</u>
<u>OPERATING EXPENSES:</u>			
Personnel costs	<u>73,332</u>	<u>-</u>	<u>73,332</u>
Total operating expenses	<u>73,332</u>	<u>-</u>	<u>73,332</u>
Operating income	<u>306,386</u>	<u>-</u>	<u>306,386</u>
<u>TRANSFERS:</u>			
Transfers out	<u>(306,386)</u>	<u>-</u>	<u>(306,386)</u>
Change in net assets	-	-	-
<u>NET ASSETS, BEGINNING</u>	<u>59,955</u>	<u>1,358</u>	<u>61,313</u>
<u>NET ASSETS, ENDING</u>	<u>\$ 59,955</u>	<u>\$ 1,358</u>	<u>\$ 61,313</u>

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Commissary	Community Service Fund	Total Non-Major Enterprises Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from inmates and customers	\$ 662,105	\$ -	\$ 662,105
Cash paid to suppliers	(282,387)	-	(282,387)
Cash paid to employees	(73,332)	-	(73,332)
Net cash flows provided by operating activities	<u>306,386</u>	-	<u>306,386</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Cash received from other funds	-	-	-
Cash paid to other funds	(306,386)	-	(306,386)
Net cash flows provided by (used in) noncapital financing activities	<u>(306,386)</u>	-	<u>(306,386)</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning	-	-	-
Cash and cash equivalents, ending	<u>-</u>	<u>-</u>	<u>-</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating income	\$ 306,386	\$ -	\$ 306,386
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Increase in interfund receivables	(16,341)	-	(16,341)
Decrease in inventory	17,545	-	17,545
Decrease in accounts payable	(1,204)	-	(1,204)
Total adjustments	-	-	-
Net cash provided by operating activities	<u>\$ 306,386</u>	<u>\$ -</u>	<u>\$ 306,386</u>

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2007

	<u>Fines</u>	<u>Criminal Justice</u>	<u>Property Room</u>	<u>Cash Bonds and Fines</u>	<u>Total Agency</u>
<u>ASSETS:</u>					
Cash	\$ 2,213	\$ 100	\$ 658,408	\$ 48,104	\$ 708,825
Other receivables	-	-	-	1,811	1,811
	<u>2,213</u>	<u>100</u>	<u>658,408</u>	<u>49,915</u>	<u>710,636</u>
<u>LIABILITIES:</u>					
Due to inmates and others	2,156	-	380,917	-	383,073
Interfund payable	<u>57</u>	<u>100</u>	<u>277,491</u>	<u>49,915</u>	<u>327,563</u>
	<u>2,213</u>	<u>100</u>	<u>658,408</u>	<u>49,915</u>	<u>710,636</u>
<u>NET ASSETS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF ACTIVITIES - EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Functions/Programs			
<u>Governmental activities:</u>			
Custody of inmates:			
Personnel	\$ 37,418,575	\$ 28,176,569	\$ 37,292,440
Contractual	10,503,509	12,850,749	15,507,537
Materials and supplies	7,885,560	10,007,438	12,416,660
Depreciation	<u>3,196,825</u>	<u>2,656,197</u>	<u>2,645,086</u>
Total custody of inmates	59,004,469	53,690,953	67,861,723
Interest on long-term debt	<u>1,692,162</u>	<u>1,746,728</u>	<u>1,579,541</u>
 Total governmental activities	 <u>60,696,631</u>	 <u>55,437,681</u>	 <u>69,441,264</u>
 <u>Business-type activities:</u>			
Commissary operations and other	<u>355,719</u>	<u>426,491</u>	<u>901,101</u>
 Total business-type activities	 <u>355,719</u>	 <u>426,491</u>	 <u>901,101</u>
 Total Office	 <u>\$ 61,052,350</u>	 <u>\$ 55,864,172</u>	 <u>\$ 70,342,365</u>

See Auditors' Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMPARATIVE BALANCE SHEETS - GENERAL FUND
DECEMBER 31, 2007, 2006, AND 2005

	<u>2007</u>	<u>2006 (restated)</u>	<u>2005 (restated)</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 7,206,386	\$ 10,880,252	\$ 7,401,634
Investments plus accrued interest	7,380,973	11,807,223	3,437,491
Restricted investments	-	5,378,306	-
Intergovernmental receivables	13,860,840	10,104,083	10,842,658
Interfund receivables	4,115,846	3,045,598	1,670,659
Other receivables	1,266,467	1,664,442	1,012,909
Prepaid expenses	276,728	371,953	424,576
Inventory	882,812	358,206	123,321
	<u>\$ 34,990,052</u>	<u>\$ 43,610,063</u>	<u>\$ 24,913,248</u>
<u>LIABILITIES:</u>			
Accounts payable	\$ 6,340,578	\$ 7,112,859	\$ 3,624,263
Interfund payables	836,887	94,818	1,558,401
Deferred revenue	4,281,774	10,733,838	5,533,375
Accrued annual and sick leave	15,000	15,000	82,000
	<u>11,474,239</u>	<u>17,956,515</u>	<u>10,798,039</u>
<u>FUND BALANCES:</u>			
Reserved for:			
Inventory	882,812	358,206	123,321
Prepaid expenses	276,728	371,953	424,576
Encumbrances	7,355,455	3,180,000	-
Unreserved:			
Designated for retirement of Special Community Disaster Loan	8,000,000	8,000,000	-
Undesignated	7,000,818	13,743,389	13,567,312
	<u>23,515,813</u>	<u>25,653,548</u>	<u>14,115,209</u>
Total fund balance	<u>23,515,813</u>	<u>25,653,548</u>	<u>14,115,209</u>
Total liabilities and fund balances	<u>\$ 34,990,052</u>	<u>\$ 43,610,063</u>	<u>\$ 24,913,248</u>

See Auditor's Report.

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005

	<u>2007</u>	<u>2006 (restated)</u>	<u>2005 (restated)</u>
<u>REVENUES:</u>			
Custody of inmates:			
City of New Orleans charges	\$ 24,215,395	\$ 22,989,419	\$ 28,677,158
State of Louisiana Department of Corrections charges	1,464,942	1,379,021	13,177,180
Federal charges	4,092,238	2,655,822	2,567,883
Other charges	-	214,269	112,431
Investment income	859,161	652,690	223,402
On-behalf payments	3,843,963	3,448,239	4,628,696
Other income	2,040,940	1,351,273	4,966,380
State supplemental pay	1,618,581	1,045,881	1,499,388
Federal grants	25,309,882	21,197,343	4,486,132
Restitution/administration	408,538	567,447	299,117
Release processing fees	358,629	333,639	483,967
	<u>64,212,269</u>	<u>55,835,043</u>	<u>61,121,734</u>
<u>EXPENDITURES:</u>			
Central services	3,992,404	7,341,732	5,430,567
Court services	3,942,665	3,400,328	3,205,581
Security services	19,482,923	14,313,405	16,933,301
Administrative services	3,989,223	2,681,466	3,237,849
Records and booking	5,703,517	4,729,076	4,421,915
Inmate services	9,693,098	10,896,523	14,330,724
Grants and special programs	369,436	259,632	7,625,947
Plant and maintenance	7,472,084	4,988,883	6,150,261
Miscellaneous	8,464	15,456	13
Debt retirement	506,327	502,914	-
Interest payments	37,496	61,654	-
Capital outlays	10,696,973	10,118,401	2,165,712
	<u>65,894,610</u>	<u>59,309,470</u>	<u>63,501,870</u>
Excess (deficiency) of revenues over expenditures	<u>(1,682,341)</u>	<u>(3,474,427)</u>	<u>(2,380,136)</u>
<u>OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:</u>			
Proceeds from insurance	-	79,150	1,217,409
Proceeds from Special Community Disaster Loan	-	15,529,067	2,500,000
Proceeds from sale of assets	-	4,000	-
Transfers in	306,386	162,305	366,326
Transfers (out)	(761,780)	(761,756)	(1,502,761)
	<u>(455,394)</u>	<u>15,012,766</u>	<u>2,580,974</u>
Net changes in fund balances	<u>(2,137,735)</u>	<u>11,538,339</u>	<u>200,838</u>
<u>FUND BALANCES, BEGINNING</u>	<u>25,653,548</u>	<u>14,115,209</u>	<u>13,914,371</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 23,515,813</u>	<u>\$ 25,653,548</u>	<u>\$ 14,115,209</u>

SINGLE AUDIT

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Funding Agencies/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
<u>Pass-Through Awards:</u>			
Office of Justice Programs, Bureau of Justice Assistance Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Byrne Formula Grant Program			
Street Reduction of Violent Crime	16.579	B06-9-006	\$ 18,138
Correctional Contraband Control	16.579	B06-8-005	22,249
Edward Byrne Memorial Justice Assistance Grant - Property Crime	16.738	B06-9-004	33,250
Edward Byrne Memorial Justice Assistance Grant - Criminal Justice Infrastructure Recovery	16.738	Y07-8-007	2,518,672
Edward Byrne Memorial Justice Assistance Grant - Criminal Justice Infrastructure Recovery	16.738	Y06-8-033	8,644,911
Passed through United States Marshall Service			
Gang Resistance Education and Training (G.R.E.A.T)	16.737		4,154
Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention			
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Resource Center for Suspended/Expelled Students	16.548	W04-9-001	13,651
Total U.S. Department of Justice			11,255,025
<u>U.S. Department of Homeland Security</u>			
<u>Pass-Through Awards:</u>			
Louisiana Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance	97.036	FEMA	11,742,954 (M)
Special Community Disaster Loans (Note 2)	97.030	-	-
Louisiana Department of Public Safety			
Law Enforcement Terrorism Prevention Program	97.067	2006-GE-T6-0069	161,365
Total U.S. Department of Homeland Security			11,904,319

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

Funding Agencies/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
<u>Pass-Through Awards:</u>			
State of Louisiana, Department of Health and Hospitals			
Office of Public Health			
HIV Prevention Activities - Health Department Based	93.940		35,526
Total U.S. Department of Health and Human Services			35,526
Total Federal Awards			\$ 23,194,870

(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 Criminal 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.

Note 2

The Office received a Special Community Disaster Loan (the "Loan") from the federal government in 2005 and 2006 in the total amount of \$18,029,067. The terms of the Loan call for interest to accrue at 2.69% annually to be repaid with the principal when the Loan becomes due in 2010.

**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 Criminal 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 Orleans Parish Criminal Sheriff's Office (the Office) as of and for the year ended December 31, 2007, which collectively comprise the Office's basic financial statements and have issued our report thereon dated May 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 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.

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 & Nettleton

New Orleans, Louisiana
May 29, 2008

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

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

Compliance

We have audited the compliance of the Orleans Parish Criminal Sheriff's Office (the Office) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Office's major federal program is 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 requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but

not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over compliance.

A control deficiency in the Office's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Office's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Office's internal control.

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

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

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 & Nettleton

New Orleans, Louisiana
May 29, 2008

ORLEANS PARISH CRIMINAL SHERIFF'S OFFICE

Schedule of Findings and Questioned Costs

Year ended December 31, 2007

(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 program:

United States Department of Homeland Security – Disaster Grants - Public Assistance –passed through Louisiana Office of Homeland Security and Emergency Preparedness (CFDA number 97.036)
 - (h) Dollar threshold used to distinguish between Type A and Type B programs: \$695,846
 - (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 PARRISH CRIMINAL SHERIFF'S OFFICE
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2007

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	
2004-11 Inmate Accounts Reconciliation Inmate accounts should be reconciled on a monthly basis.	Resolved. Reconciliations are being performed regularly. We have purchased new inmate accounting software which ties the subsidiary ledger to the general ledger.