3101

ANNUAL FINANCIAL REPORT

ORLEANS PARISH SHERIFF'S OFFICE

NEW ORLEANS, LOUISIANA

FOR THE YEAR ENDED

DECEMBER 31, 2013

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

Independent Auditors' Report

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 800.201.7332
One Galleria Blvd., Suite 2100 • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

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, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 19 and 57 through 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The comparative financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Office.

The combining and comparative financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

Postlethwaite + Netterville

New Orleans, Louisiana
June 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2013

Management's discussion and analysis of the Orleans Parish Sheriff's Office's (the Office) financial performance provides a narrative overview and analysis of the Office's financial activities for the year ended December 31, 2013. This discussion and analysis focuses on the current year's ending balances, activities, and resulting changes in comparison with the prior year's information. Certain 2012 amounts have been reclassified to conform to the presentation of the 2013 financial statements. The Office's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

Government-Wide

The assets of the Office exceeded its liabilities at December 31, 2013 by $287.9 million (presented as "net position"). Restricted balances are comprised of the following: (1) net investment in capital assets, of $263.9 million, (2) restricted for future intergovernmental transfers of $22.5 million, (3) restricted for debt service of $7.9 million, and (4) restricted for capital improvements, net of related unexpended debt proceeds of $1 million. The Office has a deficit of $7.5 million in unrestricted net position on a government-wide basis.

The Office's net position at December 31, 2013 increased by $68.7 million, or a 31.48% increase over December 31, 2012. The increase in net position was primarily due to using FEMA grant revenues to invest in capital assets.

Fund Level

At December 31, 2013, the Office's governmental funds reported combined ending fund balances of $44.5 million, a decrease of $18.8 million from the prior year. The Debt Service Fund's fund balance decreased by $14.2 million to a total fund balance of $7.8 million. The General Fund's fund balance increased by $.2 million to a fund balance of $2.3 million. The Capital Projects Fund's fund balance decreased by $4.9 million to a fund balance of $34.3 million.

The General Fund's unassigned fund balance increased to $1.3 million.

Capital Assets

The Office completed the construction of the new Kitchen /Warehouse in 2013. The Office continues with reconstruction following Katrina's devastation and invested $80.6 million in capital additions primarily funded through FEMA funds and general obligation bonds.

Debt Administration

General Obligation Bonds (Series 2013) for capital improvements of $10.0 million with an interest rate of 1.955% were issued pursuant to the $63.2 million authorization of October 4, 2008 to issue general obligation bonds.

The Go Zone cooperative endeavor agreement debt of $16.4 million with the State of Louisiana was repaid to the State of Louisiana.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT WIDE FINANCIAL STATEMENTS

The Office's annual report includes two government-wide financial statements. These government-wide financial statements are designed to provide readers with a broad overview of the Office's finances, in a manner similar to a private-sector business with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This statement of position presents information that includes all of the Office's assets and liabilities and deferred inflows and out flows, with the difference reported as net position. Over time, increases and decreases in net position 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 position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. The primary purpose of these governmental activities is the custody of inmates and the serving of citations, summonses, subpoenas, notices and other processes for Civil and Criminal District Courts, the Courts of Appeals and the Supreme Court. The government-wide financial statements are presented on pages 20 and 21, Exhibits "A" and "B" of this report.

FUND FINANCIAL STATEMENTS

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

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

Governmental funds are reported in the fund financial statements and encompass essentially the same functions 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.

FUND FINANCIAL STATEMENTS (continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide useful insight into the long-term impact of short-term financing decisions. Reconciliations, between these two perspectives, are provided to facilitate this comparison. The reconciliation between the governmental funds balance sheet and the statement of net position is on page 23, 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 26, Exhibit "F".

The basic governmental fund financial statements are presented on pages 22 and 24-25, Exhibits "C" and "E" of this report.

Fiduciary funds are reported in the fund financial statements and report a defined contribution pension plan, and agency funds including: individual prison inmate agency accounts and civil fiduciary accounts for assets held by the Sheriff as an agent for deposits held pending court action. Activities from fiduciary funds are not included in the government-wide financial statements because the Office cannot use these assets for its operations. The basic fiduciary fund financial statements are presented on pages 27 and 28, Exhibits "G" and "H" of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Office's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and debt service fund. These schedules demonstrate compliance with the Office's adopted original and final revised budgets. Required supplemental information can be found on pages 57 and 58 Schedules "A-1" and "A-2" of this report. This report also includes as other supplementary information for combining statements and statements with comparative data to prior years on pages 59 - 62. A single audit section, which includes a Schedule of Expenditures of Federal Awards, begins on page 63.

ORLEANS PARISH SHERIFF'S OFFICE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Primary Government Totals	
	Governmental Activities	
	2013	2012
Assets:		
Current and other	$ 74,341,102	$ 85,540,283
Capital	294,944,947	218,237,150
Total assets	369,286,049	303,777,433
Liabilities:		
Current	36,932,496	30,908,254
Long-term	44,467,687	53,686,521
Total liabilities	81,400,183	84,594,775
Net Position:		
Investment in capital assets, net of debt	263,946,190	188,707,632
Restricted for:		
Debt service	7,864,176	22,083,266
Capital improvements	1,018,625	348,422
Intergovernemtnal transfers	22,524,950	16,230,520
Unrestricted	(7,468,075)	(8,187,182)
Total net position	$ 287,885,866	$ 219,182,658

As noted above the net position of the Office increased by 31.4% ($287.9 million compared to $219.2 million).

There were several significant changes in net position. Net investment in capital assets increased from $188.71 million in 2012 to $263.9 million in 2013. This increase is primarily attributable to capital assets acquired with FEMA and general obligation bond funds. Unrestricted net position improved from a deficit of $8.2 to a deficit of $7.5 million. This increase in unrestricted net position is attributable to revenues exceeding operational expenses. $4.5 million of State of Louisiana housing grants are included in revenues. Unrestricted net position (deficits) are the part of the Office's net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Approximately 91% of the Office's net position represents its net 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 net 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 net investment in capital assets has increased by $75.2 million as the Office continues the replacement of capital assets damaged by Katrina.

The restricted net position includes $7.8 million set aside to liquidate debt. The amount set aside to liquidate debt decreased by $14.2 million. Go Zone bonds were retired which reduced the funds available for debt service assets by $16.8 million.

Funds held for intergovernmental transfers (funds for other governmental agencies for their capital improvements) increased to $22.5 million. Assets restricted for intergovernmental transfers increased $10.0 million since the bond issue in 2013 increased the bonds allocated for other criminal justice agencies in the City of New Orleans. The Office cannot use these funds as they are restricted for other governmental agencies capital improvements. The restricted intergovernmental transfers were reduced by expenditures made by other criminal justice agencies.

Current and other assets decreased $11.2 million as cash and investments were spent on capital improvements and retirement of debt.

Capital assets increased $76.7 million as the rebuilding of the campus continues following the devastation of Katrina. This consists of $80.6 million of capital additions net of depreciation of $3.9 million.

Current liabilities have increased $6.0 million primarily for current payments and retainages payable on construction contracts. The construction related liabilities are being paid timely and in accordance with the contract terms. Current liabilities also increased for $1.2 million restricted advances from the City of New Orleans.

Long term liabilities decreased by $9.2 million in 2013. The Office retired the $16.4 million of Go Zone bonds and made regularly scheduled payments on outstanding debt of $3.9 million. The Office issued $10.0 million of new General Obligation bonds. Accrued sick and annual leave and other post employment benefits increased $.6 million. Claims and judgments increased by $.8 million.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table provides a summary of the Office's statement of activities:

	Statement of Activities			
	Governmental Activities			
	2013	2012	$ Change	% change
Revenues				
Program:				
Charges for servieces	$ 44,948,519	$ 45,575,468	$ (626,949)	-1.38%
Operating grants	9,227,679	3,720,576	5,507,103	148.02%
Captital grants	70,685,184	64,177,795	6,507,389	10.14%
General:				
Ad-valorem taxes	8,126,802	7,541,688	585,114	7.76%
Other	1,238,471	3,166,902	(1,928,431)	-60.89%
Interfund transfer	-	61,313	(61,313)	-100.00%
Total revenues	134,226,655	124,243,742	9,982,913	3.65%
Expenses				
Program:				
Custody of prisoners	55,508,597	56,189,916	(681,319)	-1.21%
Civil division	5,361,901	5,811,716	(449,815)	-7.74%
Interest	1,548,696	2,041,341	(492,645)	-24.13%
General:				
Transfers to other governmental agencies	3,104,253	771,646	2,332,607	302.29%
Total expenses	65,523,447	64,814,619	708,828	269.20%
Net increase	68,703,208	59,429,123	$ 9,274,085	15.61%
Net position - beginning	219,182,658	159,753,535		
Net position - ending	$ 287,885,866	$ 219,182,658		

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

Charges for services decreased 5.8% from 2012 to 2013 attributable to the decrease in inmates and reduced civil revenues. In 2013 and 2012 the average number of inmates per day decreased 12% and 11.6% respectively. In 2013 and 2012 the length of stay decreased by 9% and 6.7% respectively. The Civil Division generated fees of approximately $9.0 million in 2011, $7.9 million in 2012 and $7.8 million in 2013.

Operating grants increased from $3.7 million in 2012 to $9.3 million in 2013 primarily due to housing grants from the State of Louisiana of $4.5 million for the period July 1, 2012 to June 30, 2014 all of which were recognized in the 2013 statement of activities. Capital grants primarily from FEMA continue to increase as damaged buildings are rebuilt or repaired. Capital grants increased $6.5 million to $70.7 million for 2013

Ad valorem tax collections were up 7.8%. Other income (after reclassification of 2012 inmate related fees such as inmate telephone) was up 18% primarily due to liquidated damages collected in 2013.

In 2013 the Office continued with stringent cost cutting measures. As a result, both custody of prisoners and the Civil Division had decreases in expenses. Interest expense decreased $.5 million due to the retirement of high interest debt in 2012 and 2013 and the issuance of general obligation bonds with low rates of interest

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS

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

Governmental Funds

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

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

Governmental Funds (continued)

As of December 31, 2013, the Office's governmental funds reported combined ending fund balances of $44.5 million. This is a decrease of $18.83 million or approximately a 29.7% decrease from the prior year. There is $1.3 million in unassigned fund balances which is available for spending at the Office's discretion. The remainder of the fund balance is nonspendable or restricted and is not available for new spending. There is $.8 million of nonspendable funds for prepaid expenses and inventory. The restricted fund balance is restricted for the following 1) liquidate open purchase orders ($.2 million), 2) monies for future capital projects for the Office ($12 million) and for other criminal justice agencies ($22.5 million), 3) monies collected to fund debt ($7.9 million).

Major Governmental Funds

The General Fund is the Office's primary operating fund. The General Fund's fund balance increased by $.2 million in 2013 for an ending fund balance of $2.3 million.

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

The following schedule shows General Fund Revenues and Expenditures:

	General Fund			
	2013	2012	$ change	% change
REVENUES:				
Custody of inmates:				
City of New Orleans charges	$ 20,757,949	$ 22,314,776	(1,556,827)	-7%
State of Louisiana DOC charges	6,651,537	8,060,044	(1,408,507)	-17%
Other charges	925,962	856,346	69,616	8%
Civil fees and commissions	6,025,168	6,223,460	(198,292)	-3%
Civil security services	1,724,888	1,704,835	20,053	1%
Investment income (loss)	4,540	4,567	(27)	-1%
On-behalf payments	5,421,963	5,201,305	220,658	4%
Inmate Telephone	1,644,575	1,426,007	218,568	15%
Release processing fees	506,901	471,419	35,482	8%
State supplemental pay	2,709,219	2,841,293	(132,074)	-5%
Federal and state grants	71,859,825	64,065,890	7,793,935	12%
State and other grants	3,860,829	1,156,797	2,704,032	234%
Restitution/administration	580,850	609,090	(28,240)	-5%
Commisary	708,726	723,988	(15,262)	-2%
Other income	1,333,962	1,049,273	284,689	27%
Total revenues	124,716,894	116,709,090	8,007,804	7%
EXPENDITURES:				
Central services	5,590,727	5,512,594	78,133	1%
Court services	3,047,995	3,572,294	(524,299)	-15%
Security services	16,612,445	17,139,062	(526,617)	-3%
Administrative services	4,098,572	4,466,173	(367,601)	-8%
Records and booking	3,618,570	3,758,620	(140,050)	-4%
Inmate services	10,634,721	11,083,428	(448,707)	-4%
Grants and special programs	1,312,899	1,182,860	130,039	11%
Plant and maintenance	5,205,016	5,863,042	(658,026)	-11%
Debt retirement	4,900,000	3,986,000	914,000	23%
Interest payments	60,401	70,810	(10,409)	-15%
Civil administrative services	3,239,352	3,664,706	(425,354)	-12%
Civil security services	2,122,549	2,155,442	(32,893)	-2%
Capital outlays	68,053,955	63,750,379	4,303,576	7%
Total expenditures	128,497,202	126,205,410	2,291,792	2%
Deficiency of revenues over expenditures	$ (3,780,308)	$ (9,496,320)		

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

Revenues for the General Fund increased by 7% ($8.0 million increase). Most of the revenue accounts had decreases including revenues from the City of New Orleans and the Louisiana Department of Corrections. However these decreases were offset by a $7.8 million in grants. Federal grants increased primarily from FEMA which are restricted for specific reimbursement primarily capital outlay. State grants increased primarily for a $2.5 million housing grant from the Louisiana Legislature for the period July 1, 2012 through June 30, 2013. The $2 million housing grant for the period July 1, 2013 through June 30, 2014 was not recognized as revenue at the fund level since the funds were not available.

Operating expenses for the General Fund, excluding capital outlay, debt retirement and interest decreased $2.9 million. This 5% decrease is primarily in the area of personnel for all functions.

The General Fund had a deficiency of revenues over expenditures of $3.78 million. Expenditures include the $4.9 debt retirement. This deficiency of $3.78 million was offset by a renewal of $4.8 million of certificates of indebtedness. The net change in fund balance was a $.2 million increase.

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

The Capital Projects Fund's fund balance decreased by $4.8 million. New debt of $10 million was issued to fund capital improvements for other criminal justice agencies. Expenditures were made of $12.5 million for Office projects that are not fully funded by FEMA at this time. $3.1 million was expended for other criminal justice agencies.

The Debt Service Fund's fund balance decreased by $4.9 million. Ad valorem taxes of $8.1 million were collected. $22.1 million was expended to pay fees and interest and to retire debt including the Go Zone debt. In July 2006, the Office and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement (the Agreement) whereby the State agreed to lend up to $17.3 million to the Office from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2006 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006. This Go Zone loan assisted in payment of debt service requirements for 2006 to 2009. No principal or interest was payable during the initial five year period of the loan. After the expiration of the initial five-year period, the loan had interest at a fixed rate of 4.64 percent. The Debt Service Fund had accumulated restricted funds to be able to repay this loan therefore the loan was repaid in 2013. Retiring the Go Zone debt significantly reduced interest expense in 2013 and for future years.

BUDGETARY HIGHLIGHTS

The General Fund

The original 2013 General Fund budget was based on the expectation of a continuing small decrease in the City of New Orleans inmate population and a 22% decrease in the Department of Corrections inmate population. The budgeted average number of inmates was 2,515 (1,950 for the City, 500 for DOC, and 65 for out of Parish). The actual average number of inmates was 2,473 for 2013. This decrease in the number of inmates was due to the continued efforts of the Office and the City of New Orleans to reduce the inmate population while following the existing laws.

BUDGETARY HIGHLIGHTS (continued)

Civil security services were originally budgeted to have a slight decrease from 2012; however, they had a very small increase. Civil division administrative fees were expected to have a 6% increase but instead had a small decrease in revenues.

The initial 2013 budget expected FEMA revenues of $62.3 million and transfers in from the capital projects fund (bond funded) of $21.7 million. FEMA revenues are on a reimbursement basis. The amended budget increased Federal grant revenues to $74.5 million and capital projects transfers were removed from the budget since payments were reported directly in the capital projects fund instead of as a transfer to the General fund. The budget increase for federal grants was due to additional FEMA obligations in late 2013. The actual Federal grant revenues were $71.9. The amount was under budget because the contractor's billing on the inmate housing, intake and processing and administrative building were below expectations, since contractor's progress was slower than originally forecast by the contractor.

State and other grants were budgeted to increase based on the Office's expectations at the time of the budget was prepared in 2012. In mid 2013 the state provided a $2.5 million housing grant which could be used for expenses incurred July 1 2012 to June 30, 2013 and therefore the Office amended budget to reflect this large increase in state grants.

In order to balance the 2013 budget the office budgeted for continued reductions in personnel cost due to the cost cutting measures adopted in 2012 to reduce overtime, the office adopted the state police schedule for security deputies. The Office suspended the matching for deferred compensation and adopted a furlough policy for administrative staff and rank at major and above who are required to take one furlough day in each two week pay period. Through attrition there was also a reduction of approximately forty positions.

After the receipt of the State Housing Grant and when there were indications that the City of New Orleans would fund additional expenses required by the consent decree the Office was able to start hiring additional security personnel. Also during late 2013 the City of New Orleans agreed to fund $1.9 million for specific consent decree expenses and certain personnel expenses. Selected salaries were increased at this time. Since many of these specified expenses could only be expended on new hires there was not sufficient time for the Office to hire additional security and medical personnel. The Office was able to expend $.8 million by year end.

The Debt Service Fund

The 2013 budget was adjusted to reflect the decision to pay back the Go Zone bonds that had an interest rate of 4.54%. The 2013 budget was also amended to reflect a reduction in investment income due to a typographical error on the original budget and a small increase in ad valorem taxes based on collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Office's investment in capital assets, net of accumulated depreciation, as of December 31, 2013, is $294.9 million. Additions to capital assets, funded through FEMA and General Obligation bonds were $80.6 million for 2013. Reductions in capital assets were $3.9 million of depreciation.

Major capital events during 2013 include the following:

- Completion of construction and opening of the Kitchen/Warehouse/Central Plant-
- Continuation of construction on the Inmate Housing, Intake and Processing Center, and Administrative Building Complex-60% completion. This complex is expected to open in late 2014

The following table provides a comparative summary of capital assets:

	2013	2012	Percent change
Land	$ 6,052,681	$ 6,052,681	0.00%
Construction in progress	146,307,926	162,790,354	-10.12%
Depreciable assets:			
Building and improvements	162,021,530	66,132,467	145.00%
Operating equipment	2,572,438	2,572,438	0.00%
Furniture and equipment	2,885,861	2,885,861	0.00%
Vehicles	7,252,137	7,966,121	-8.96%
Total depreciable assets	174,731,966	79,556,887	119.63%
Less accumulated depreciation	32,147,626	30,162,772	6.58%
Depreciable assets, net	142,584,340	49,394,115	188.67%
Total assets	$ 294,944,947	$ 218,237,150	35.15%

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-term Obligations:

At the end of the fiscal year, the Office had approximately $53.7 million in long-term obligations as shown in the table below:

	2013	2012	Percentage change
General Obligation bonds	$ 41,800,000	$ 35,715,000	17.04%
Go Zone (Cooperative Endeavor)	-	16,434,518	-100.00%
Taxable Certificates of Indebtedness	4,800,000	4,900,000	-2.04%
Claims and judgments	3,173,000	2,364,289	34.21%
Accrued annual and sick leave	2,141,206	2,079,281	2.98%
Other post employment benefits	1,827,702	1,366,025	33.80%
Other	2,132	4,255	-49.89%
Total long-term obligations	$ 53,744,040	$ 62,863,368	-14.51%

The long-term obligations of the Office decreased by $9.2 million. The largest decrease was the $16.4 million repayment of the Go Zone (Cooperative Endeavor) loan to the State of Louisiana. This loan was used to assist in payment of debt service requirements from 2006 through 2009 due to disruption of tax bases and revenue streams caused by Hurricane Katrina and Rita. This loan was interest free for five years but then a fixed interest rate of 4.64 % started being charged in 2012. This loan was retired with ad valorem taxes accumulated in the debt service fund. The Office made regularly scheduled repayments of $3.9 million of general obligation bonds. These decreases in long term obligations were offset by an increase of a $10 million issuance of General Obligation bonds for capital improvements at a 1.95% interest rate. Claims and judgments, an estimate of future claim payments, increased 34%. Other post employment benefits primarily for hospitalization for the closed Civil Division employees, at the date of merger of the Criminal and Civil Sheriff's offices also increased 34%.

Voters approved General Obligation bonds of $63.2 million on October 4, 2008. Of the total approved amount, $22.335 million are for other City of New Orleans criminal justice agencies. The cumulative issuances on these bonds are now $55.0 million. The Office's General Obligation bonds approved in October 2008 have an "A" rating by the national rating agency, Standard & Poor's.

See Notes 9, 11 and 16 to the financial statements for additional information regarding long-term obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The Metropolitan Report Volume 23, No. 5 dated March 2014 by the Division of Business and Economic Research University of New Orleans covers the economic activity in the New Orleans metropolitan statistical area (MSA) which includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist and St. Tammany parishes. Highlights of the report indicate that:"In 2013, New Orleans MSA employment was higher than in 2012. Total employment increased slightly by 0.8% or by approximately 4,100 jobs. Employment growth in the New Orleans area for the next two years will continue to be positive displaying a fair amount of seasonality. By the end of 2015, the area is projected to support approximately 546,000 jobs." The Metropolitan Report Volume 24 No 1 the "Katrina Recovery Edition "dated August 2013 reported that "While many residents migrated to suburban areas after Hurricane Katrina, the population of Orleans parish appears to be recovering; it is currently estimated to have reached about 75% of its pre-Katrina population.

New Orleans Uniform Crime Reporting comparison showed that 2013 reportable person crimes for New Orleans increased by .24% from 2012 to 2013. While murder was down 19.17% rape was up 29.41%. - Simple burglary increased 17.26% while assault had a 4.41% decrease. The first quarter of 2014 compared to 2013 had a 38.82% increase in reportable person crimes for New Orleans. The murder rate continued its downward trend (-27.91%) however all other reportable classifications (rape, armed robbery, simple robbery, and assault) had increases ranging from 31.55% to 64.52%

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), and the Louisiana Department of Public Safety and Corrections (DOC). The number of inmates held at the detention facilities at any given time is affected by the number of arrests made by law enforcement authorities and the length of stay which is affected by sentences imposed by the courts or the ability to make bond. Since Katrina, another major limiting factor is the number of beds available. The number of beds is not the number of inmates that can be housed since the classification of the inmate may restrict the type of bed that can be used. 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, or a DOC inmate. The per diem rate for the City was based on a consent judgment in federal court. The per diem rate for DOC inmates is based on state statutes. For 2014 the City Council adopted a budget based on estimated number of inmates and estimated costs from City consultants. The budget adoption was not based on estimates provided by the Office to the City. After the Council approved the 2014 allocation, the Office adopted a budget based upon the allocation provided by the City and estimates based on prior year experience for other revenues. Payments from the City for 2014 are being made based upon the budget instead of the number of inmates.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Operating Revenues (continued)

Pre-Katrina, the Office had approximately 7,500 beds. The average inmates per day for 2005 were approximately 6,000 inmates per day until Hurricane Katrina. During 2013 there were approximately 3200 beds available and the average number of inmates was 2473. Subsequent to year end several of the temporary "tents "have been closed and the number of beds available currently is 2567. For 2014 to date the average number of inmates is approximately 2,200. The 2014 budget is based on the dollar amount of the City allocation, 450 DOC regular inmates and 100 DOC work release inmates and 65 out of Parish inmates through the first quarter.

Criminal and Civil fees are dictated by the court systems and decisions made by the assigned judges. Budgets are projected based upon past year trends and the actual results will fluctuate. The Civil Division fees increased significantly following Katrina however these revenues leveled off in 2012. Civil Division revenues were budgeted to be stable in 2014. Actual revenues for 2014 to date for the Civil Division have been lower than expected. The budgeted Civil Division revenues were expected to exceed their expenses revenues by approximately $2.9 million but due to lower revenues this excess is unlikely to be realized.

Operating Expenditures

The largest operational cost for the Office is personnel. The Office had approximately 1,200 employees pre-Katrina. Following the storm, only a core group returned. As facilities came back on line, the Office brought back its personnel. Currently, the Office employs approximately 745 (710 employees last year). At the end of 2013 when the City provided additional funding certain specified positions had salary increases and the furlough was lifted. The previous base salary for new security hires was $9.69 per hour but this has been increased to $11.91 per hour and after six months it increases to $12.36 per hour. These increases are included in the 2014 budget.

During 2013 and continuing into 2014 contracts and expenses continue to be scrutinized for additional savings.

The new kitchen and warehouse was opened at the end of 2013. The quick chill system is currently being implemented. OPSO has recently outsourced the food preparation services. As the costs of this operation are established budget adjustments will be made.

The 2014 budget as adopted does not include all the expenses that may be needed to comply with the Consent Decree. By state law the Office must adopt a balanced budget and therefore expenses had to be limited to the revenues that were expected including the City Allocation. The Office is in discussions with the City and the Courts trying to find a financing mechanism to pay for the increased costs that are necessary to comply with the consent decree. The Office is implementing the procedures which they can under the present staffing and financial situation.

In 2014 Capital outlays are projected to decrease since the kitchen/ warehouse is complete and the inmate, intake and processing center and administrative building should be substantially complete in 2014.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Non Operating Revenues and Expenditures

In post Katrina there are significant other revenues and expenses which impact the Office. State and federal grants related to the disaster had a significant impact on 2005 and forward. FEMA total grants are expected to increase to over $325 million (current obligated funds exceed $303 million). Cumulative recognized FEMA accrual revenues are over $288 million at the end of 2013. The additional FEMA revenues will be recognized as FEMA obligates the funds and as buildings and other reimbursable assets are repaired or replaced.

The 2014 budget expected to have a $4.35 million revenue anticipation note renewal. In June 2014 the Office will repay the previous revenue anticipation note of $4.8 million and issue a new certificate of indebtedness for $4.5 million.

The 2014 Budget has a $.55 million decrease in fund balance. This $.55 million decrease is offset against the expected fund balance of $.55 million for 2013. The actual 2013 fund balance of $2.3 million will be able to absorb the budgeted decrease.

Significant Factors

The Office had substantially all of its buildings damaged by Hurricane Katrina. Before, during and after Katrina the Office incurred various emergency expenses. Much of the rebuilding is being funded by FEMA. The ultimate funding and reimbursements may be more or less than the amounts requested and expected by the Office due to the uncertainties involved at this time.

A consent decree was signed with the Department of Justice in 2013. The provisions of the Consent Decree will require increased expenditures. The funding of the Consent Decree is still under analysis and discussion.

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) complete replacement of sufficient detention facilities that meet American Correctional Association standards (2) complete the building of a modern booking facility that can effectively process intake and release volume; (3) recruit and retain qualified personnel; (4) provide equipment for employees so they can complete their missions in a safe and effective manner; and (5) provide safe and efficient facilities for the care, custody and control of inmates.

CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Office's finances, comply with finance-related laws and regulations, and demonstrate the Office's commitment to public accountability. If you have any questions about this report or would like to request additional financial information contact the Orleans Parish Sheriff's Office, 819 South Broad Street, New Orleans, Louisiana 70119. The financial report is also available on the Louisiana Legislative Auditor's website at www.lla.la.us.

BASIC FINANCIAL STATEMENTS

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF NET POSITION
DECEMBER 31, 2013

		Governmental Activities
ASSETS:		
Cash and cash equivalents	$	32,825,864
Investments including accrued interest		20,386,641
Intergovernmental receivables		19,144,415
Interfund receivables		52,623
Other receivables		1,155,962
Prepaid expenses		39,527
Inventories		736,070
Capital assets, net of accumulated depreciation		294,944,947
Total assets		369,286,049
LIABILITIES:		
Accounts payable		27,137,821
Accrued interest		518,322
Long-term liabilities:		
Due within one year		9,276,353
Due after one year		44,467,687
Total liabilities		81,400,183
NET POSITION (DEFICITS):		
Net Investment in capital assets		263,946,190
Restricted net position:		
Debt service		7,864,176
Capital improvements, net of related debt		1,018,625
Intergovernmental transfers		22,524,950
Unrestricted net position		(7,468,075)
Total net position	$	287,885,866

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Custody of inmates	$ 55,508,598	$ 37,198,463	$ 9,227,679	$ 70,685,184	$ 61,602,728
Civil division	5,361,901	7,750,056	-	-	2,388,155
Interest on long-term debt	1,548,695	-	-	-	(1,548,695)
Total governmental activities	62,419,194	44,948,519	9,227,679	70,685,184	62,442,188
General revenues:					
Ad valorem taxes, levied for debt serv					8,126,802
Investment income (loss)					(95,491)
Other income					1,333,962
Transfers to other governmental agencie					(3,104,253)
Total general revenues and transfers					6,261,020
Change in net position					68,703,208
Net position - beginning					219,182,658
Net position - ending					$ 287,885,866

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	Capital Projects	Debt Service	Total Governmental
ASSETS:				
Cash and cash equivalents	$ 13,439,384	$ 16,720,630	$ 2,665,850	$ 32,825,864
Investments plus accrued interest	-	17,384,205	3,002,436	20,386,641
Intergovernmental receivables	19,144,415	-	-	19,144,415
Interfund receivables	52,623	239,983	2,182,593	2,475,199
Other receivables	1,142,665	-	13,297	1,155,962
Prepaid expenses	39,527	-	-	39,527
Inventory	736,070	-	-	736,070
Total assets	$ 34,554,684	$ 34,344,818	$ 7,864,176	$ 76,763,678
LIABILITIES:				
Accounts payable	$ 27,137,821	$ -	$ -	$ 27,137,821
Interfund payables	2,422,576	-	-	2,422,576
Total liabilities	29,560,397	-	-	29,560,397
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	2,692,143	-	-	2,692,143
Total deferred inflows of resources	2,692,143	-	-	2,692,143
FUND BALANCES:				
Nonspendable amounts:				
Not in spendable form	775,597	-	-	775,597
Restricted	181,348	34,344,818	7,864,176	42,390,342
Unassigned	1,345,199	-	-	1,345,199
Total fund balance	2,302,144	34,344,818	7,864,176	44,511,138
Total deferred inflows, liabilities and fund balance	$ 34,554,684	$ 34,344,818	$ 7,864,176	$ 76,763,678

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Total fund balances for governmental funds at December 31, 2013	$	44,511,138
Total net position reported for governmental activities in the statement of net position is different because:		
Capital asssets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land		6,052,681
Construction in progress		146,307,926
Buildings and improvements, net of $20,782,344 accumulated depreciation		141,239,186
Operating equipment, net of $1,967,989 accumulated depreciation		604,449
Office furniture and equipment, net of $2,738,476 accumulated depreciation		147,385
Vehicles, net of $6,658,817 accumulated depreciation		593,320
		294,944,947
Inflows of resources– 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 inflows of resources must be recorded.		2,692,143
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 position.		
Accrued interest on bonds and notes		(518,322)
Bonds and notes payable		(46,600,000)
Bond premium, net of accumulated amortization		(2,132)
Other post employment benefits accrual		(1,827,702)
Claims and judgements		(3,173,000)
Accrued annual and sick leave, long-term portion		(2,141,206)
		(54,262,362)
Total net position of governmental activities at December 31, 2013	$	287,885,866

The accompanying notes are an integral part of this statement.

Exhibit "E"

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Capital Projects	Debt Service	Total Governmental
REVENUES:				
Custody of inmates:				
City of New Orleans charges	$ 20,757,949	$ -	$ -	$ 20,757,949
State of Louisiana Department of Corrections charges	6,651,537	-	-	6,651,537
Other charges	925,962	-	-	925,962
Civil fees and commissions	6,025,168	-	-	6,025,168
Civil security services	1,724,888	-	-	1,724,888
Investment income (loss)	4,540	111,720	(211,751)	(95,491)
On-behalf payments	5,421,963	-	-	5,421,963
Inmate Telephone	1,644,575	-	-	1,644,575
Release processing fees	506,901	-	-	506,901
State supplemental pay	2,709,219	-	-	2,709,219
Federal and state grants	71,859,825	-	-	71,859,825
State and other grants	3,860,829	-	-	3,860,829
Restitution/administration	580,850	-	-	580,850
Commisary	708,726	-	-	708,726
Other income	1,333,962	-	-	1,333,962
Ad valorem tax revenue	-	-	8,126,802	8,126,802
Total revenues	124,716,894	111,720	7,915,051	132,743,665
EXPENDITURES:				
Central services	5,590,727	-	-	5,590,727
Court services	3,047,995	-	-	3,047,995
Security services	16,612,445	-	-	16,612,445
Administrative services	4,098,572	-	-	4,098,572
Records and booking	3,618,570	-	-	3,618,570
Inmate services	10,634,721	-	-	10,634,721
Grants and special programs	1,312,899	-	-	1,312,899
Plant and maintenance	5,205,016	-	-	5,205,016
Miscellaneous	-	119,545	74,981	194,526
Debt retirement	4,900,000	-	20,349,518	25,249,518
Interest payments	60,401	-	1,709,642	1,770,043
Civil administrative services	3,239,352	-	-	3,239,352
Civil security services	2,122,549	-	-	2,122,549
Capital outlays	68,053,955	12,514,653	-	80,568,608
Total expenditures	128,497,202	12,634,198	22,134,141	163,265,541
Excess (Deficiency) of revenues over expenditures	(3,780,308)	(12,522,478)	(14,219,090)	(30,521,876)

(continued)

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Capital Projects	Debt Service	Total Governmental
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:				
Proceeds from bond and note issuance	4,800,000	10,000,000	-	14,800,000
Transfers in	-	772,610	-	772,610
Transfers out	(772,610)	-	-	(772,610)
Transfers to other governmental agencies	-	(3,104,253)	-	(3,104,253)
Total other financing sources, including transfers	4,027,390	7,668,357	-	11,695,747
Net changes in fund balances	247,082	(4,854,121)	(14,219,090)	(18,826,129)
FUND BALANCES, BEGINNING	2,055,062	39,198,939	22,083,266	63,337,267
FUND BALANCES, ENDING	$ 2,302,144	$ 34,344,818	$ 7,864,176	$ 44,511,138

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2013

Total net changes in fund balances at December 31, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balances	$ (18,826,129)
The change in net position 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 $80,568,608 exceeded depreciation expense of $3,880,579.	76,688,029
Miscellaneous adjustments in fixed assets	19,768
New debt issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(14,800,000)
Repayments of bond principal are reported as financing uses in governmental funds and thus contribute to the reduction in fund balance. In the statement of net position, however, repayment of debt decreases long-term liabilities and does not affect the statement of activities.	25,249,518
Change in revenue accruals - Under modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so certain revenues not available for spending are recognized in the current year.	1,482,990
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	2,124
Accrued interest on bonds	219,224
Accrued other post employment benefits	(461,677)
Accrued claims and judgments	(808,714)
Accrued annual and sick leave	(61,925)
	(1,110,968)
Total change in net position at December 31, 2013 per Statement of Activities	$ 68,703,208

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Pension Trust	Agency Funds
ASSETS:		
Cash and cash equivalents	$ -	$ 4,024,697
Interest receivable	6,926	-
Other receivables	6,843	34,037
Deposits	-	40,000
Investments	2,902,328	-
Total assets	2,916,097	4,098,734
LIABILITIES:		
Due to inmates and others	-	4,046,111
Advance payment on contributions	39,527	-
Interfund payables	-	52,623
Total liabilities	39,527	4,098,734
NET POSITION:		
Net assets held in trust for pension benefits	2,876,570	-
Total net position	$ 2,876,570	$ -

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Pension Trust
ADDITIONS:	
Employer contributions	$ 102,860
Employee contributions	98,527
Total contributions	201,387
Investment income	1,339
Total investment income	1,339
Total additions	202,726
DEDUCTIONS:	
Trustee fees	21,134
Benefits paid to participants	212,479
Total deductions	233,613
Change in net position	(30,887)
NET POSITION, BEGINNING	2,907,457
NET POSITION, ENDING	$ 2,876,570

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

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

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

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

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

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

Basis of Presentation

The Office's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Office's basic financial statements consist of the government-wide statements which include the fund financial statements and the fiduciary funds (pension trust fund and agency funds). The Office has applied GASB No. 62, Codification of Accounting and Financial Reporting guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature".

Reporting Entity

The Orleans Parish Sheriff's Office is a "primary government" as defined in GASB Section 2100 since the Office is a government, created by State statute that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in generally accepted accounting principles. The basic, but not the only, criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency.

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

Reporting Entity (continued)

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Orleans Parish Law Enforcement District is included (blended) within the reporting entity.

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

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

In the government-wide Statement of Net Position (Exhibit A), the governmental activities 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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Office first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of each of the Office's functions (custody of inmates and civil division). The net costs are normally covered by general 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 inmates and civil division). Operating grants include operating-specific and discretionary grants, while the capital grant column reflects capital-specific grants.

The Office does not allocate indirect costs.

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

This government-wide focus is more on the sustainability of the Office and the change in the Office's net position resulting from current year's activities. Separate financial statements are provided for fiduciary funds; however, they are excluded from the government-wide financial statements.

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

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 and the Office that are not financed by the General Fund.

Debt Service Fund

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

Governmental Non-Major Funds:

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 position and changes in net position.

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

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

Fiduciary Funds (continued):

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

Pension Trust Fund

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

Agency Funds

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

Basis of Accounting

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

Accrual

Governmental activities in the government-wide financial statements and the 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.

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

Revenues

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

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 grants inmate telephone charges, release processing fees, restitution administration fees, and a portion of bail bond fees.

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

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

Other Financing Sources (Uses)

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

Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Office has no items that qualify for reporting in this category.

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

Deferred Inflows of Resources (continued)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Office only has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly the item, unavailable revenue, is reported only in the governmental funds balance sheet. The source of the unavailable revenue is from intergovernmental grants. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. For the accrual basis Statements of Net Position and Activities these revenues are recognized.

Budgets

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

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

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

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

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

Cash and Cash Equivalents

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

(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 deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the state of Louisiana, savings accounts or shares of savings and loan associations, (5) mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

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

Short-Term Interfund Receivables/Payables

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

Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013 are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Office maintains a threshold level of $5,000 or more for capitalizing capital assets.

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

Capital Assets (continued)

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

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

Accrued Annual and Sick Leave

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

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

Long-Term Debt and Bond Discounts/Premiums

In the government-wide fund financial statements, outstanding debt is reported as a liability. 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. Issuance costs are reported as expenditures.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

Restricted Net Position – Government Wide and Fiduciary Fund Financial Statements

The statement of net position reports net position as the difference between all other elements in a statement of net position and is displayed in three components:

1. Net Investment in capital assets – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of debt is included in the same component of net position as the unspent proceeds.

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

Restricted Net Position – Government Wide and Fiduciary Fund Financial Statements (continued)

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

3. Unrestricted net position – consists of the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

Fund Balance

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

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

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

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

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

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

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

Interfund Transactions

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

Receivables

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

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

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, 2013, the Office has cash and cash equivalents (book balances) as follows:

Non-interest bearing demand deposits	$	19,134,707
Interest-bearing demand deposits		17,701,524
Cash on hand		14,330
Total	$	36,850,561

Reconciliation to Government-Wide Statement of Net Position:		
Per Government-Wide Statement of Net Position:		
Cash and cash equivalents	$	32,825,864
Fiduciary Funds (not included in Government-Wide Financial Statements):		
Agency Funds		4,024,697
Total	$	36,850,561

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, 2013, the carrying amount of the Office's demand deposits and certificates of deposit were $36,011,945 and the bank balances were $43,884,387. The bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Office's name.

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, 2013, the Office's investment balances were as follows:

U.S. Treasury Obligations	$ 1,686,030
Federal Agency Obligations	21,461,649
Money Market Funds	116,658
Interest Receivable	31,558
Total	$ 23,295,895

Reconciliation to Government-Wide Statement of Net Assets:	
Investments including accrued interest	$ 20, 386,641
Per Government-Wide Statement of Net Assets	
Fiduciary Funds (not included in Government-Wide Financial Statements):	
Pension Trust, including interest receivable	2,909,254
	$ 23,295,895

Interest Rate Risk

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

As of December 31, 2013, the Office had the following investment types and maturities for investments subject to interest rate risk:

		Remaining Maturity (in Years)	
	Fair Value	Less Than One	1 – 5
U.S. Treasury Obligations	$ 1,686,030	$ 101,483	$ 1,584,547
Federal Agency Obligations	21,461,649	7,808,181	13,653,468
	$ 23,147,679	$ 7,909,664	$ 15,238,015

Credit Risk

As of December 31, 2013, the Office's investments in Federal Agency Obligations were rated AAA by Moody's Investors Service.

Concentration of Credit Risk

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

(4) INTERGOVERNMENTAL RECEIVABLES

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

(4) INTERGOVERNMENTAL RECEIVABLES (continued)

Receivables at December 31, 2013 are as follows:

Custody of Inmates	
City of New Orleans	$ 1,053,600
Federal Agencies	19,951
State of Louisiana	1,228,928
Parishes	165,345
	2,467,824
Grants	
FEMA Grants	14,603,697
State of Louisiana and other grants	2,072,894
	16,676,591
	$ 19,144,415

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

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at December 31, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Funds	$ 52,623
Capital Projects Fund	General Fund	239,983
Debt Service Funds	General Fund	2,182,593
		$ 2,475,199

The 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.

A summary of interfund transfers for the year ended December 31, 2013 is as follows:

	Transfers Out: General Fund
Transfers In:	
Capital Projects Fund	$ 772,610

(6) PREPAID EXPENSES

Payments made prior to December 31, 2013 that will benefit periods beyond December 31, 2013 are recorded as prepaid expenses. Prepaid expenses at December 31, 2013 consist of prepaid pension expense of $39,527.

(7) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2013 are as follows:

	December 31, 2012	Additions	Disposals	December 31, 2013
Capital assets not being depreciated:				
Land	$ 6,052,681	$ -	$ -	$ 6,052,681
Construction in progress	162,790,354	80,421,227	(96,903,655)	146,307,926
Total non-depreciable assets	168,843,035	80,421,227	(96,903,655)	152,360,607
Capital assets being depreciated:				
Buildings and improvements	66,132,467	96,949,778	(1,060,715)	162,021,530
Operating equipment	2,572,438	-	-	2,572,438
Office furniture and equipment	2,885,861	-	-	2,885,861
Vehicles	7,966,121	131,266	(845,210)	7,252,137
Total depreciable assets	79,556,887	97,081,004	(1,905,925)	174,731,966
Totals	$ 248,399,922	$ 177,502,231	$ (98,809,580)	$ 327,092,573
Less accumulated depreciation:				
Buildings and improvements	$ 18,707,648	$ 3,125,211	$ (1,050,515)	$ 20,782,344
Operating equipment	1,719,545	248,444	-	1,967,989
Office furniture and equipment	2,598,535	139,941	-	2,738,476
Vehicles	7,137,044	366,983	(845,210)	6,658,817
Total accumulated depreciation	30,162,722	3,880,579	(1,895,725)	32,147,626
Capital assets, net	$ 218,237,150	$ 173,621,652	$ (96,913,855)	$ 294,944,947

Depreciation expense in the amount of $3,880,579 was charged to custody of inmates.

The Office has active construction projects as of December 31, 2013 totaling $146,307,926. Major continuing projects include the inmate housing intake and processing center and administrative building. Major commitments at December 31, 2013 are approximately $25 million which will primarily be funded through FEMA grants and general obligation bonds.

(8) PENSION PLANS

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

(8) PENSION PLANS (continued)

(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% 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% 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% of the employee's wages. Employees become partially vested in the Office's contributions (and earnings allocated to the employee's account) after completing four years of service.

The vesting percentage increases annually until the employee completes eight years of service at which time they become fully vested. Forfeitures of unvested portions are available to the Office to reduce future contributions.

The Office made contributions during the year ended December 31, 2013 of $98,527. Forfeitures of $4,333 in 2013 were credited to the benefit of the employer for the year ended December 31, 2013. The employees contributed to the Plan through payroll withholdings a total of $102,860 for the year ended December 31, 2013, which represents both the required and additional voluntary contributions.

(b) Defined Benefit Pension Plan

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

Contributions of participating sheriffs, together with shared local and state revenues, are pooled within the System to fund accrued benefits. Both employer and employee contribution rates are approved by the Louisiana Legislature. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

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

(8) PENSION PLANS (continued)

(b) Defined Benefit Pension Plan (continued)

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 10.25% (effective July 1, 2013) of gross salary. The Sheriff is required to contribute at an actuarially determined rate. The current employer's rate is 13.89% (effective July 1, 2013) of annual covered payroll.

The contributions for the year ended December 31, 2013 were as follows:

	Amount	Percent of Covered Payroll
Employee	$ 2,832,898	10.15%
Employer	$ 3,794,183	13.65%

The Office's contributions to the System for the years ended December 31, 2012, 2011, and 2010 were $3,690,493, $4,094,335, and $3,911,658, respectively, which is equal to the required contribution for each year.

(c) Deferred Compensation Plan

Effective September 1, 2001, the Office adopted a deferred compensation plan administered by the Louisiana Deferred Compensation Commission. The Louisiana Public Employees Deferred Compensation Plan (the "Plan") was established pursuant to IRC Section 457 and Louisiana R.S. 43:1301-1308. For 2012, the Plan allowed employees to contribute up to the lesser of $17,000 for employees 49 years of age or younger; $22,500 for employees 50 years of age or older ($34,000 for those eligible for catch-up) or 100% of their salary. The Office matches contributions up to the lesser of $17,000 (employees 49 years of age or younger) or $22,500 (employees 50 years of age or older) or $34,000 for those eligible for catch-up or 9% of each participant's salary. Effective February 1, 2012 the employer contribution provision was suspended. Employees contributed through payroll withholdings a total of $526,250 for the year ended December 31, 2013.

(9) LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2013:

	Balance at December 31, 2012	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
General Obligation Bonds (Series 2008): $10,000,000 originally issued with interest rates ranging from 3.55% to 4.05%, maturing September 1, 2009 through September 1, 2018, secured by collections of ad valorem taxes.	$ 6,000,000	$ -	$ (1,000,000)	$ 5,000,000	$ 1,000,000
General Obligation Bonds (Series 2009): $10,000,000 originally issued with interest rates ranging from 3.35% to 3.80%, maturing September 1, 2010 through September 1, 2018, secured by collections of ad valorem taxes.	7,095,000	-	(1,055,000)	6,040,000	1,105,000
General Obligation Bonds (Series 2010): $15,000,000 originally issued with interest rate ranging from 3.0% to 4.0%, maturing September 1, 2011 through September 1, 2024, secured by collections of ad valorem taxes.	13,170,000	-	(805,000)	12,365,000	845,000
General Obligation Bonds (Series 2011): $5,000,000 originally issued with interest rate at 2.97% (interest payable beginning March 1, 2012; principal payable beginning September 1, 2012), maturing through September 1, 2026, secured by collections of ad valorem taxes.	4,700,000	-	(275,000)	4,425,000	285,000
General Obligation Bonds (Series 2012): $5,000,000 originally issued with interest rate at 2.85% (interest payable beginning March 1, 2013; principal payable beginning September 1, 2013), maturing through September 1, 2026, secured by collections of ad valorem taxes.	4,750,000	-	(280,000)	4,470,000	285,000

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

	Balance at December 31, 2012	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
General Obligation Bonds (Series 2013): $10,000,000 originally issued with interest rate at 1.95% maturing September 1, 2013 through September 1, 2022, secured by collections of ad valorem taxes.	-	10,000,000	(500,000)	9,500,000	955,000
Revenue Anticipation Notes (Series 2012): $4,900,000 originally issued with interest rate at 1.72%, maturing June 30, 2013, secured by revenues of the Office.	4,900,000	-	(4,900,000)	-	-
Taxable Certificates of Indebtedness (Series 2013): $4,800,000 originally issued with interest rate at 2.51%, maturing June 30, 2014, secured by revenues of the Office.	-	4,800,000	-	4,800,000	4,800,000
Cooperative Endeavor Agreement with the 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.	16,434,518	-	(16,434,518)	-	-
	57,049,518	14,800,000	(25,249,518)	46,600,000	9,275,000
Other Liabilities:					
Claims and judgments	2,364,289	1,267,184	(458,473)	3,173,000	-
Accrued annual and sick leave	2,079,281	2,066,865	(2,004,940)	2,141,206	-
Other post employment liabilities	1,366,025	697,747	(236,070)	1,827,702	-
Bond premium, net of accumulated amortization	4,255	-	(2,123)	2,132	1,353
	$ 62,863,368	$ 18,831,796	$ (27,951,124)	$ 53,744,040	$ 9,276,353

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

Year Ending	Principal	Interest	Total
2014	$ 9,275,000	$ 1,368,337	$ 10,643,337
2015	4,615,000	1,160,270	5,775,270
2016	4,760,000	1,006,103	5,766,103
2017	4,910,000	845,341	5,755,341
2018	5,065,000	677,859	5,742,859
2019-2026	17,975,000	1,935,505	19,910,505
	$ 46,600,000	$ 6,993,415	$ 53,593,415

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

Interest expense on long-term debt for the year ended December 31, 2013 was $1,548,696.

In July 2006, the Office and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to $17,256,120 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2009 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. No principal or interest was payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64%. Principal payments on the bonds begin in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium. The Office has the right to request one extension of its obligation to begin payments under the loan not to exceed five years. The Office paid the remaining principal balance of $16,434,518 on this agreement and interest of $381,281 on January 25, 2013.

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

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

Agency	Original Balance	Transferred to other Agencies	Estimated Interest Earned	Remaining Balance at December 31, 2013
Orleans Parish District Attorney	$ 2,500,000	$ 1,173,357	$ 420,912	$ 1,747,555
Orleans Parish District Courts	8,500,000	2,956,368	1,431,101	6,974,733
Orleans Parish Clerk of District Courts	800,000	800,000	134,692	134,962
Orleans Parish Juvenile Court	1,000,000	756,958	168,365	411,407
Orleans Parish Municipal and Traffic Court	700,000	700,000	117,855	117,855
Restricted for intergovernmental transfers	$ 13,500,000	$ 6,386,682	$ 2,272,925	$ 9,386,242

On October 4, 2008, the voters of the Orleans Parish authorized the District to issue general obligation bonds not exceeding $63,225,000 for constructing, improving, renovating and repairing jails and other facilities for the Sheriff ($40,890,000), District Attorney ($3,290,000), Clerk of District Court ($2,825,000), Juvenile Court ($3,720,000), Municipal and Traffic Court ($7,500,000), and New Orleans Forensic Center ($5,000,000). The 20-year bonds are payable from ad valorem taxes. There have been six emissions of the bonds; $10,000,000 was issued December 1, 2008, $10,000,000 was issued March 1, 2009, $15,000,000 was issued March 1, 2010, $5,000,000 was issued December 2, 2011, $5,000,000 was issued April 27, 2012 and $10,000,000 was issued June 14, 2013. Funds restricted for other agencies on the 2008, 2009, 2010, 2011, 2012 and 2013 issues totals $13,138,708 at December 31, 2013. As of December 31, 2013, intergovernmental transfers for all issues recorded in the Statement of Net Position is $22,524,950.

On June 14, 2013, the Office issued $4,800,000 of certificates of indebtedness Series 2013 with a maturity date of June 30, 2014. The Series 2013 certificates of indebtedness have an annual interest rate of 2.51%.

(10) FUND BALANCE

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

Restricted – The general fund includes amounts restricted for encumbrances. The capital projects fund includes $12,029,734 restricted for capital improvements and $22,524,950 restricted for intergovernmental transfers (see footnote 9). The debt service fund includes amounts restricted for debt service.

(11) RISK MANAGEMENT

The Orleans Parish Sheriff's Office manages some of its risks internally. The General 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.

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

The Orleans Parish Sheriff's Office is a defendant in various lawsuits pertaining to material matters. Changes in the balances of claims liabilities during the last two years were as follows:

Fiscal Year	Liability at Beginning	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End
2012	$ 3,940,789	$ (1,351,362)	$ (225,138)	$ 2,364,289
2013	$ 2,364,289	$ 1,267,184	$ (458,473)	$ 3,173,000

(12) ON-BEHALF PAYMENTS

In accordance with generally accepted accounting principles 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 building space, utilities, office supplies, and gasoline.

(12) ON-BEHALF PAYMENTS (continued)

Hospitalization premiums, unemployment benefits, and workers' compensation premiums paid by the City of New Orleans on behalf of the Office totaled $5,421,963 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 prior Criminal Sheriff retirees who either have thirty years of service; are a member of the Louisiana Sheriff's Pension & Relief Fund and retire with 20 years of service at 50 years of age or older; or are a member of the Orleans Parish Sheriff's Employees Retirement Plan with eight years of service and 55 years of age or older.

(13) COMPENSATION OF SHERIFF

In accordance with Louisiana Revised Statute 13:5521, 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	$ 140,545
Expense allowance	$ 14,055

(14) ECONOMIC DEPENDENCY

The Office derives a material part of its revenues from per diem charges for the housing of state, and municipal prisoners. These revenues are received from the City of New Orleans, other Parishes, and the State of Louisiana Department of Corrections. For the year ended December 31, 2013, revenues from these sources exceeded $28 million.

(15) CONTINGENCIES

Litigation

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

Intergovernmental Assistance

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

The Office of Inspector General – OIG has issued reports questioning FEMA's funding of $6,290,431 of costs relating to certain grants from 2005 through 2011 related to Hurricane Katrina. Of the total questioned amounts approximately $3.9 million have been resolved as of December 31, 2013. No amounts have been accrued related to the remainder of the questioned costs as the ultimate outcome of this matter is undetermined at this time. The Office is not in agreement with the OIG's findings. As of December 31, 2013, the Sheriff's office and the legal counsel believe that the remaining items will be resolved.

(15) CONTINGENCIES - continued

Intergovernmental Assistance - continued

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, 2013, the Office has received reimbursements from the Federal Emergency Management Association (FEMA) of $275,620,368.

Included in accounts receivable at December 31, 2013 is $14,031,554 of reimbursements from FEMA received within 60 days after December 31, 2013 and $572,143 of additional accruals related to FEMA. Of these amounts, $572,143 of reimbursements were deferred at the fund level and recognized as revenue at the government-wide level. Unobligated FEMA grants, which are awaiting final approval and are expected to be reimbursed for $1,075,799 of recorded expenditures, are not recorded in accounts receivable. Advances and receipts for unrecorded expenses of $1,996,149 are recorded as a payable to the State of Louisiana, the pass through agency for FEMA funds. FEMA obligated grants total $303,306,911 at December 31, 2013.

Other

A consent judgment was filed on December 12, 2012 in the United States District Court, Eastern District of Louisiana. The purpose of the agreement is to address certain alleged constitutional violations at the Orleans Parish Prison (OPP). The Office has taken steps to address the concerns at OPP. The Office has in place certain policies, practices, and procedures, and has plans to adopt certain other policies, practices, and procedures. The consent judgment contemplates that the dispute will be resolved by the continued development and implementation of these measures. The court will determine the funding needed to ensure constitutional conditions of confinement at OPP and the sources responsible for providing the funding.

In September, 2013 independent monitors were appointed by the Court and the court ordered that they be funded 50% by the City and 50% by the Office. Funds have been set aside in a separate bank account. The total expenditures for the monitor are $150,725 as of December 31, 2013.

The Office contends that the City of New Orleans is responsible to finance the housing of inmates and therefore is responsible for financing the consent decree requirements. In November, 2013 the City of New Orleans and the Office entered into a release and settlement agreement for the City to finance specific expenditures for 2013 in the amount of $1,888,652. As of December 31, 2013 the Office had expended $753,093 of these funds.

The Office is continuing discussions with the City, monitors and the court as to the adequate financing of the Office.

The Louisiana Legislative Auditor's office is currently performing procedures relative to the Office. As of the report date, the procedures are not completed. The effect, if any, on the financial statement is not known.

(16) POST-EMPLOYMENT BENEFITS

Other Post Employment Benefits

The City of New Orleans is currently responsible for all other post employment benefits (OPEB)'s related to the Office, other than those described below. The benefits are paid directly by the City of New Orleans. These payments are included in the on-behalf payments made to the Office by the City of New Orleans. For the year ending December 31, 2013, the total on-behalf payments made were $5,421,963.

Plan Description:

Medical, dental and life insurance benefits are provided to certain employees upon actual retirement. For only the Civil Division current and retired employees employed as of May 2, 2010, the employer pays 100% of the medical and dental coverage for this closed group (not dependents). See below for details on Life Insurance benefits in both the Civil and Criminal Divisions. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service.

Life insurance coverage is continued to retirees (a closed group in the Civil Division and all other retirees in the Civil and Criminal Division) and the life rate is blended for both active and retiree coverage. Insurance coverage amounts for retirees in the closed Civil Division are the same as when active but are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. In the non-closed Civil and Criminal Divisions the retiree insurance amount is a flat $10,000.

Contribution Rates:

Employees do not contribute to their post employment benefits costs.

Fund Policy:

Until fiscal years ending in 2009, the Office recognized the cost of providing post-employment medical, dental and life insurance benefits (employer's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis.

Effective with fiscal years ending in 2010 and later, the Office implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions (GASB 45).

The Civil and Criminal Divisions reported separately through the fiscal year ending in 2011. Beginning with the fiscal year ending December 31, 2012, the Office recognized the cost of providing post-employment benefits on a combined basis. In 2013 and 2012, the combined portion of health care and life insurance funding cost for retired employees totaled $157,073 and $145,438, respectively.

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Annual Required Contribution:

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

Normal Cost	$	262,398
30-year UAL amortization amount		380,708
Annual required contribution (ARC)	$	643,106

Net Post-employment Benefit Obligation:

The table below shows the Office's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2013:

Beginning Net OPEB Obligation	$	1,366,025
Annual required contribution		643,106
Interest on Net OPEB Obligation		54,641
ARC Adjustment		(78,997)
OPEB Cost		618,750
Contribution		-
Current year retiree premium		(157,073)
Change in Net OPEB Obligation		461,677
Ending Net OPEB Obligation	$	1,827,702

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

Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
December 31, 2013	$618,750	25.39%	$1,827,702

Funded Status and Funding Progress:

In the year ending December 31, 2013, the Office made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero.

(16) **POST-EMPLOYMENT BENEFITS (continued)**

Other Post Employment Benefits (continued)

Based on the January 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013 was $6,846,739, which is defined as that portion, as determined by a particular actuarial cost method (the Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

		2013
Actuarial Accrued Liability (AAL)	$	6,846,739
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	6,846,739
Funded Ratio (Actuarial Valuation Assets/AAL)		0.00%
Covered Payroll (active plan members)	$	29,656,000
UAAL as a percentage of covered payroll		23.09%

Actuarial Methods and Assumptions:

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

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

Actuarial Cost Method:

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

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Actuarial Value of Plan Assets:

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate:

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 6% in the Civil Division and 12% in the Criminal Division.

Age	Percent Turnover Criminal Division	Percent Turnover Civil Division
18 - 25	20.0%	9.0%
26 - 40	12.0%	7.0%
41 - 54	8.0%	5.0%
55+	6.0%	4.0%

Post Employment Benefit Plan Eligibility Requirements:

Historically, employees have retired after age 55 and 25 years of service (Civil Division), after age 55 and 18 years of service (Criminal Division), or at 30 years of service, if sooner. We have therefore assumed that employees retire three years after those historical retirement ages as just described. The three years is to accommodate the D.R.O.P. period. Post-employment benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate):

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

Health Care Cost Trend Rate:

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

(16) **POST-EMPLOYMENT BENEFITS (continued)**

Other Post Employment Benefits (continued)

Mortality Rate:

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

Method of Determining Value of Benefits:

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid.

The medical rates provided are "blended" rates for active and retired before Medicare eligibility. The "unblended" rates as required by GASB 45 for valuation purposes are estimated to be 130% of the blended rates prior to Medicare eligibility. Dental rates were unblended and not adjusted.

The employer pays 100% of the cost of life insurance after retirement for the retiree, but it is based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, the 94GAR mortality table have been used to "unblend" the life insurance rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

All of the assumptions used for the valuation of the medical benefits have been used for life and dental insurance except for the trend assumption where a zero trend was used.

Inflation Rate:

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

Projected Salary Increases:

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

Post-retirement Benefit Increases:

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

(16) **POST-EMPLOYMENT BENEFITS (continued)**

Other Post Employment Benefits (continued)

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

	OPEB Costs and Contributions		
	December 31, 2011	December 31, 2012	December 31, 2013
OPEB Cost	$ 389,868	$ 602,158	$ 618,750
Contribution	-	-	-
Retiree premium	(100,390)	(145,438)	(157,073)
Total contribution and premium	(100,390)	(145,438)	(157,073)
Change in net OPEB obligation	$ 289,478	$ 456,720	$ 461,677
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	25.75%	24.15%	25.39%

(17) **CHANGE IN ACCOUNTING PRINCIPLE**

The Office has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

The Office implemented this statement effective January 1, 2013. There were no changes to net position.

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, Codification of *Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the Office with the implementation of this statement.

(18) NEW PROUNCEMENTS

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions in June 2012. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures. Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement–determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

OPSO is currently assessing the impact of these new pronouncements on the financial statements.

(19) SUBSEQUENT EVENTS

On May 22, 2014, the Office adopted a resolution relating to the issuance and sale of $4,500,000 of Taxable Certificates of Indebtedness, Series 2014 of the Law Enforcement District of the Parish of Orleans at an interest rate of 2.75%.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES:				
Custody of prisoners:				
City of New Orleans charges	$ 25,136,083	$ 22,159,264	$ 20,757,949	$ (1,401,315)
State of Louisiana Department of Corrections charges	6,356,616	6,477,957	6,651,537	173,580
Other charges	626,000	1,004,442	925,962	(78,480)
Civil fees and commissions	6,443,000	5,886,116	6,025,168	139,052
Civil Security services	1,765,000	1,831,349	1,724,888	(106,461)
Investment income (loss)	-	-	4,540	4,540
On-behalf payments	4,590,000	5,201,305	5,421,963	220,658
Inmate Telephone	1,540,000	1,721,718	1,644,575	(77,143)
Release Processing Fees	527,000	532,335	506,901	(25,434)
State supplemental pay	3,094,000	2,765,286	2,709,219	(56,067)
Federal grants	62,300,000	74,486,891	71,859,825	(2,627,066)
State and other grants	1,777,525	4,121,283	3,860,829	(260,454)
Restitution/administration	600,000	603,273	580,850	(22,423)
Comissary	725,000	705,276	708,726	3,450
Other income	525,000	1,257,595	1,333,962	76,367
Total revenues	116,005,224	128,754,090	124,716,894	(4,037,196)
EXPENDITURES:				
Central services	5,403,827	5,278,135	5,590,727	312,592
Court services	3,255,825	2,959,771	3,047,995	88,224
Security services	17,433,988	17,239,761	16,612,445	(627,316)
Administrative services	3,686,630	3,904,647	4,098,572	193,925
Records and booking	3,074,238	3,510,623	3,618,570	107,947
Inmate services	12,072,752	11,574,766	10,634,721	(940,045)
Interest	75,000	78,401	60,401	(18,000)
Debt retirement	4,900,000	4,900,000	4,900,000	-
Grants and special programs	1,549,339	1,513,363	1,312,899	(200,464)
Civil administrative services	2,780,369	3,262,712	3,239,352	(23,360)
Civil security services	2,131,856	2,052,874	2,122,549	69,675
Plant and maintenance	3,589,008	5,034,012	5,205,016	171,004
Capital outlays	84,000,000	73,746,422	68,053,955	(5,692,467)
Total expenditures	143,952,832	135,055,487	128,497,202	(6,558,285)
Deficiency of revenues over expenditures	(27,947,608)	(6,301,397)	(3,780,308)	2,521,089
OTHER FINANCING SOURCES(USES):				
Proceeds from bonds	4,900,000	4,800,000	4,800,000	-
Transfers out Capital Projects	-	-	(772,610)	(772,610)
Transfers in Capital Projects	21,700,000	-	-	-
Total other financing sources	26,600,000	4,800,000	4,027,390	(772,610)
Net change in fund balance	(1,347,608)	(1,501,397)	247,082	1,748,479
FUND BALANCES, BEGINNING	1,807,239	2,055,062	2,055,062	-
FUND BALANCES, ENDING	$ 459,631	$ 553,665	$ 2,302,144	$ 1,748,479

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES:				
Investment income	$ 2,405,000	$ (201,755)	$ (211,751)	$ (9,996)
Ad valorem tax revenue	7,500,000	8,017,557	8,126,802	109,245
Total revenues	9,905,000	7,815,802	7,915,051	99,249
EXPENDITURES:				
Miscellaeous	-	74,981	74,981	-
Debt retirement	4,274,724	20,349,518	20,349,518	-
Interest payments	2,049,212	1,709,642	1,709,642	-
Total expenditures	6,323,936	22,134,141	22,134,141	-
Excess of revenues over expenditures	3,581,064	(14,318,339)	(14,219,090)	99,249
Net change in fund balance	3,581,064	(14,318,339)	(14,219,090)	99,249
FUND BALANCES, BEGINNING	24,251,488	22,568,205	22,083,266	(484,939)
ESTIMATED ENDING FUND BALANCE	27,832,552	8,249,866	7,864,176	(385,690)
Less Go Zone restricted future payments	(16,197,464)	-	-	-
FUND BALANCES, AVAILABLE ENDING	$ 11,635,088	$ 8,249,866	$ 7,864,176	$ (385,690)

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2013

	Fines	Criminal Justice	Property Room	Cash Bonds and Fines	Civil	Total Agency
ASSETS:						
Cash	$ 3,461	$ 2,832	$ 299,972	$ 53,483	$ 3,664,949	$ 4,024,697
Other receivables	-	-	34,037	-	-	34,037
Interfund receivable	-	-	-	-	-	-
Deposits	-	-	40,000	-	-	40,000
Total assets	3,461	2,832	374,009	53,483	3,664,949	4,098,734
LIABILITIES:						
Due to inmates and others	2,156	2,732	369,168	7,106	3,664,949	4,046,111
Interfund payable	1,305	100	4,841	46,377	-	52,623
Total liabilities	3,461	2,832	374,009	53,483	3,664,949	4,098,734
NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF ACTIVITIES - EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011

	2013	2012	2011
Functions/Programs			
Governmental activities:			
Custody of inmates:			
Personnel	$ 36,337,608	$ 37,300,110	$ 39,904,834
Contractual	9,481,365	9,388,662	11,509,948
Materials and supplies	5,809,045	4,771,574	6,987,107
Depreciation	3,880,579	4,729,570	4,197,215
Total custody of inmates	55,508,597	56,189,916	62,599,104
Civil division	5,361,901	5,811,716	6,203,657
Interest on long-term debt	1,548,696	2,041,341	1,527,419
Total governmental activities	$ 62,419,194	$ 64,042,973	$ 70,330,180

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE BALANCE SHEETS - GENERAL FUND
DECEMBER 31, 2013, 2012, AND 2011

	2013	2012	2011
ASSETS:			
Cash and cash equivalents	$ 13,439,384	$ 9,604,316	$ 14,196,483
Intergovernmental receivables	19,144,415	13,298,178	19,566,802
Interfund receivables	52,623	1,977,381	1,634,336
Other receivables	1,142,665	862,623	916,627
Prepaid expenses	39,527	56,265	42,450
Inventory	736,070	716,266	864,737
Total assets	$ 34,554,684	$ 26,515,029	$ 37,221,435
LIABILITIES:			
Accounts payable	$ 27,137,821	$ 20,173,053	$ 27,188,122
Interfund payables	2,422,576	2,256,951	6,250,329
Accrued annual and sick leave	-	-	15,000
Total liabilities	29,560,397	22,430,004	33,453,451
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	2,692,143	2,029,963	1,279,308
Total deferred inflows of resources	2,692,143	2,029,963	1,279,308
FUND BALANCES:			
Nonspendable amounts:			
Not in spendable form	775,597	772,531	907,187
Restricted	181,348	215,899	508,834
Unassigned	1,345,199	1,066,632	1,072,655
Total fund balance	2,302,144	2,055,062	2,488,676
Total liabilities, deferred inflows and fund balance	$ 34,554,684	$ 26,515,029	$ 37,221,435

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011

	2013	2012	2011
REVENUES:			
Custody of inmates:			
City of New Orleans charges	$ 20,757,949	$ 22,314,776	$ 23,762,489
State of Louisiana Department of Corrections charges	6,651,537	8,060,044	9,866,429
Federal charges	-	169,231	920,066
Other charges	925,962	687,115	667,178
Civil fees and commissions	6,025,168	6,223,460	7,338,542
Civil security services	1,724,888	1,704,835	1,634,068
Investment income	4,540	4,567	6,432
On-behalf payments	5,421,963	5,201,305	4,880,915
Inmate Telephone	1,644,575		
Release processing fees	506,901	471,419	530,986
State supplemental pay	2,709,219	2,841,293	3,074,997
Federal grants	71,859,825	65,127,234	66,621,312
State and other grants	3,860,829	-	-
Restitution/administration	580,850	609,090	638,839
Commisary	708,726	-	-
Other income	1,333,962	3,294,721	2,823,154
Total revenues	124,716,894	116,709,090	122,765,407
EXPENDITURES:			
Central services	5,590,727	5,104,973	5,007,109
Court services	3,047,995	3,572,294	3,718,916
Security services	16,612,445	16,825,242	19,102,630
Administrative services	4,098,572	5,925,462	5,396,981
Records and booking	3,618,570	3,758,620	4,184,945
Inmate services	10,634,721	11,177,552	11,444,428
Grants and special programs	1,312,899	1,225,999	1,169,011
Plant and maintenance	5,205,016	4,987,756	5,383,908
Miscellaneous	0	175	-
Debt retirement	4,900,000	3,986,000	3,986,000
Interest payments	60,401	70,810	100,107
Civil administrative services	3,239,352	3,649,226	3,875,332
Civil security services	2,122,549	2,170,922	2,328,325
Capital outlays	68,053,955	63,750,379	64,041,196
Total expenditures	128,497,202	126,205,410	129,738,888
Deficiency of revenues over expenditures	(3,780,308)	(9,496,320)	(6,973,481)
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:			
Proceeds from notes	4,800,000	4,900,000	3,986,000
Transfer of interfund receivable on liquidation of internal service fund	-	3,938,000	-
Transfers in	-	231,774	1,500,799
Transfers out	(772,610)	-	-
Total other financing sources, including transfers	4,027,390	9,069,774	5,486,799
Net changes in fund balances	247,082	(426,546)	(1,486,682)
FUND BALANCES, BEGINNING	2,055,062	2,481,608	3,968,290
FUND BALANCES, ENDING	$ 2,302,144	$ 2,055,062	$ 2,481,608

See Auditor's Report.

SINGLE AUDIT SECTION

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Funding Agencies/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures	
U.S. Department of Justice				
Pass-Through Awards:				
Office of Justice Programs, Bureau of Justice Assistance Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice				
Edward Byrne Memorial Justice Formula Grant - Crime Activity Patrol	16.738	B08-9-003	$ 31,202	
Edward Byrne Memorial Justice Formula Grant - Correctional Surveillance	16.738	B11-9-006	28,024	
Edward Byrne Memorial Justice Formula Grant - Enhanced Job Skills	16.738	B11-9-007	99,806	
Passed through City of New Orleans				
Edward Byrne Memorial Justice Assistance Grant - Criminal Patrols	16.738	2010-DJ-BX-1664	29,078	
Edward Byrne Memorial Justice Assistance Grant - Correctional Surveillance	16.738	2012-DJ-BX-0485	21,216	
Passed through New Orleans Police and Justice Foundation				
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0628	34,050	
Total Justice Assistance Grant Cluster			243,376	
Passed through National Council on Crime and Delinquency				
PREA Zero Tolerance	16.523	BJA 2010 RP-BX-K001	15,854	
			15,854	
Total U.S. Department of Justice			259,230	
U.S. Department of Homeland Security				
Pass-Through Awards:				
Louisiana Office of Homeland Security and Emergency Preparedness				
Disaster Grants - Public Assistance			69,944,034	
Total U.S. Department of Homeland Security	97.036	FEMA	69,944,034	(M)
U.S. Department of Transportation				
Pass-Through Awards:				
Louisiana Highway Safety Commission				
Click It or Ticket			842	
Total U.S. Department of Health and Human Services	20.205	20133-300-70-45	842	
Total Federal Awards			$ 70,204,106	

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

Notes to the Schedule of Expenditures of Federal Awards

Note 1

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

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, and each major fund of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 800.201.7332
One Galleria Blvd., Suite 2100 • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite + Netterville

New Orleans, Louisiana
June 30, 2014

P&N

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Orleans Parish Sheriff's Office's (the Office) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Office's major federal programs for the year ended December 31, 2013. The Office's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Office's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Office's compliance.

Opinion on Each Major Federal Program

In our opinion, the Office complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 800.201.7332
One Galleria Blvd., Suite 2100 • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Report on Internal Control Over Compliance

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Office's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities and each major fund of the Office as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements. We issued our report thereon dated June 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite + Netterville

New Orleans, Louisiana
June 30, 2014

ORLEANS PARISH SHERIFF'S OFFICE

Schedule of Findings and Questioned Costs

Year ended December 31, 2013

(1) Summary of Auditors' Results

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

(b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: none reported; Material weaknesses: none reported

(c) Noncompliance which is material to the financial statements: none reported

(d) Significant deficiencies in internal control over major program: none reported; Material weaknesses: none reported

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

(f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: none reported

(g) Major programs:

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

(h) Dollar threshold used to distinguish between Type A and Type B programs: $2,106,123

(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 reported

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

ORLEANS PARISH SHERIFF'S OFFICE
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2013

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
None Reported	
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
None Reported	
SECTION III MANAGEMENT LETTER	
None Reported	