
ANNUAL FINANCIAL REPORT
ORLEANS PARISH SHERIFF'S OFFICE
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2018

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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, each major fund, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2018, 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.

Auditors' Responsibility

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

An audit 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Office implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for other postemployment benefits (OPEB). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through xvi, budgetary comparison information on pages 41 through 42, schedule of employer's contributions to the Louisiana Sheriffs' Pension and Relief Fund on page 43, schedule of proportionate share of net pension liability on page 44, schedule of changes in total OPEB liability and related ratios on page 45, and the schedule of OPEB employer contributions on page 46, 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 combining and comparative financial statements and schedules and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and comparative financial statements and schedules; the schedule of compensation, benefits and other payments to agency head; 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 basic 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 combining and comparative financial statements, schedule of compensation, benefits and other payments to agency head, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, 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 24, 2019

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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, 2018. This discussion and analysis focuses on the current year's ending balances, activities, and resulting changes in comparison with the prior year's information. The Office's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

Government-Wide

The assets and deferred outflows of the Office exceeded its liabilities and deferred inflows at December 31, 2018 by \$262.5 million (presented as "net position"). Balances are comprised of the following: (1) net investment in capital assets of \$274 million, (2) restricted for future intergovernmental transfers of \$17.6 million, (3) restricted for debt service of \$.8 million, (4) restricted for capital improvements \$1.0 million, and (5) a deficit in unrestricted net position of \$30.9 million.

The deficit in unrestricted net position was negatively impacted by the application of new and impactful accounting standards. During the year ended December 31, 2015 as described in note 7 to the financial statements, the Office was required to record its proportionate share of net pension liability for the defined benefit plan in which it participates. Additionally, during the current year ended December 31, 2018, the Office implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employer for Postemployment Benefits Other than Pension (OPEB)*. This change in accounting resulted in a restatement of the Office's beginning unrestricted net position from a deficit of \$31.1 million to a deficit of \$42.7 million.

The Office's net position at December 31, 2018 decreased by \$5.5 million, or a 2% decrease over December 31, 2017. For the year ended December 31, 2018, total expenses of approximately \$90.2 million exceeded revenues of approximately \$84.7 million. For the year ended December 31, 2017, total expenses of \$87 million exceeded total revenues of \$85.5 million.

Fund Level

At December 31, 2018, the Office's governmental funds reported combined ending fund balances of \$25 million, a decrease of \$2.1 million from the prior year. The Debt Service Fund's fund balance decreased by \$2.8 million to a total fund balance of \$.8 million. The General Fund's fund balance increased by \$2.9 million to a fund balance of \$5.6 million. The Capital Projects Fund's fund balance decreased by \$2.1 million to a total fund balance of \$18.7 million.

Louisiana Sheriff's Pension and Relief Fund

Under the GASBs 68 and 71, the Office records its proportionate share of the unfunded net pension liability and certain deferred inflows and outflows related to the Louisiana Sheriff's Pension Relief Fund (a state-wide defined benefit, cost-sharing, multiple employer plan).

Pension-related deferred outflows increased by \$2.1 million and pension-related deferred inflows increased by \$1.9 million. The Office's proportionate share of the net pension liability, determined based on actuarial calculations, decreased from \$18.5 million at December 31, 2017 to \$17.3 million at December 31, 2018. More information is included in Note 7 to the financial statements.

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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 net position presents information that includes all of the Office's assets and liabilities and deferred inflows and outflows, 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 1 and 2, 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.

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 4, 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 7, Exhibit "F".

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FUND FINANCIAL STATEMENTS (continued)

The basic governmental fund financial statements are presented on pages 3 and 5-6, 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 Office 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 8 and 9, 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 10 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. Other required supplementary information includes pension-related schedules and OPEB – related schedules. Required supplemental information can be found on pages 41 through 46, Schedules "A-1", "A-2", "A-3", "A-4", "A-5" and "A-6" of this report. This report also includes as other supplementary information for combining statements and statements with comparative data to prior years on pages 47 through 50. Act 706 of the 2014 Louisiana Legislative Session amended R.S. 24:513A and added the state required disclosure of compensation, reimbursements, benefits and other payments to the Agency Head. This Schedule "D-1" can be found on page 51. A single audit section, which includes a Schedule of Expenditures of Federal Awards, begins on page 52.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Primary Government Totals		Change	
	Governmental Activities			
	2018	(restated) 2017	\$	%
Assets:				
Current and other	\$ 45,285,154	\$ 47,587,537	\$ (2,302,383)	-4.8%
Capital	305,829,873	315,240,203	(9,410,330)	-3.0%
Total	351,115,027	362,827,740	(11,712,713)	-3.2%
Deferred outflows- pension related	8,911,142	6,775,701	2,135,441	31.5%
Liabilities:				
Current	27,682,918	28,952,195	(1,269,277)	-4.4%
Long-term	41,971,498	47,337,889	(5,366,391)	-11.3%
Net pension liability	17,329,809	18,542,423	(1,212,614)	-6.5%
Total	86,984,225	94,832,507	(7,848,282)	-8.3%
Deferred inflows:				
Deferred inflows-OPEB related	1,835,735	-	1,835,735	
Deferred inflows-pension related	8,685,882	6,784,340	1,901,542	28.0%
Total	10,521,617	6,784,340	3,737,277	55.1%
Net Position:				
Net investment in capital assets	274,010,219	286,230,203	(12,219,984)	-4.3%
Restricted for:				
Debt service	767,139	3,612,550	(2,845,411)	-78.8%
Capital improvements	1,031,998	555,701	476,297	85.7%
Intergovernmental transfers	17,629,058	20,246,886	(2,617,828)	-12.9%
Unrestricted (deficit)	(30,918,087)	(42,658,746)	11,740,659	-27.5%
Total net position	\$ 262,520,327	\$ 267,986,594	\$ (5,466,267)	-2.0%

There are several components to net position. Net investment in capital assets decreased by \$12.2 million as a result of the retirement of \$5.8 million of capital outlay related debt, depreciation and deletion of the pre Katrina kitchen warehouse that was demolished. Net position restricted for debt service decreased \$2.8 million since debt retirement principal and interest payments of \$6.7 million exceeded the \$3.9 million of ad valorem tax revenue dedicated to debt retirement. Net position restricted for capital improvements increased by \$.5 million due to recoveries from FEMA exceeding 2018 expenditures from capital projects fund. Net position restricted for intergovernmental transfers decreased by \$2.6 million as capital improvements were made by other criminal justice agencies funded through the Orleans Parish

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GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Law Enforcement District bonds. Unrestricted net position increased from a restated \$42.7 million deficit to a \$30.9 million deficit primarily due to the reductions of restricted net position described above. Most of the Office's net position represents its net investment in capital assets (e.g. land, buildings and improvements, operating 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 restricted net position includes \$.8 million set aside to liquidate debt. There is approximately \$22.9 million of principal and interest payments due on general obligation bonds over their remaining lives. Funds held for intergovernmental transfers (funds for other criminal justice governmental agencies for their capital improvements) had a \$2.6 million decrease to a balance of \$17.6 million. The Office cannot use these intergovernmental funds as they are restricted for other criminal justice governmental agencies' capital improvements. The Office has \$1.0 million held for capital improvements for the Office at December 31, 2018.

Current and other assets decreased \$2.3 million (4.8%). Capital assets decreased \$9.4 million primarily due to depreciation and the write off of the book value of the pre-Katrina kitchen warehouse that was demolished.

Current liabilities decreased \$1.3 million (4.4%) primarily for decreases in the current portion of general obligation bonds. Long-term liabilities decreased by \$5.4 million in 2018 due primarily to retiring \$5.8 million under regularly scheduled principal payments for general obligation bonds. Long-term liabilities had offsetting increases for a new notes payable and annual and sick leave.

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; and provides 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 victim's assistance; community service programs; work release programs and day reporting.

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

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

	Governmental Activities		Change	
	2018	2017	\$	%
Revenues:				
Program:				
Charges for custody of inmates services	\$ 62,303,811	\$ 63,395,884	\$ (1,092,073)	-1.7%
Charges for civil division services	5,237,185	6,365,901	(1,128,716)	-17.7%
Operating grants	4,784,541	4,484,176	300,365	6.7%
Capital grants	1,835,984	1,170,311	665,673	56.9%
General:				
Ad-valorem taxes	9,876,989	9,518,210	358,779	3.8%
Other	650,420	590,438	59,982	10.2%
Total revenues and other	<u>84,688,930</u>	<u>85,524,920</u>	<u>(835,990)</u>	<u>-1.0%</u>
Expenses:				
Program expenses:				
Custody of prisoners	79,352,458	80,710,309	(1,357,851)	-1.7%
Civil division	5,308,971	5,136,637	172,334	3.4%
Interest	996,908	1,143,698	(146,790)	-12.8%
General:				
Loss (gain) on disposal of assets	1,827,844	(5,231)	1,833,075	-35042.5%
Transfers to other governmental agencies	2,669,016	44,339	2,624,677	5919.6%
Total expenses and other	<u>90,155,197</u>	<u>87,029,752</u>	<u>3,125,445</u>	<u>3.6%</u>
Net increase (decrease)	(5,466,267)	(1,504,832)	(3,961,435)	263.2%
Beginning net position, as restated	267,986,594	281,031,824	-13,045,230	-4.6%
Cumulative OPEB accounting change	-	(11,540,398)	11,540,398	-100.0%
Ending net position	<u>\$ 262,520,327</u>	<u>\$ 267,986,594</u>	<u>\$ (5,466,267)</u>	<u>-2.0%</u>

Charges for custody of inmates, the primary funding source, had minimal change from 2017 to 2018. The Civil Division generated fees decreased 17.7% in 2018 due to increases in 2017 as accounts were reviewed and adjusted in 2017 in preparation for a new accounting system which was implemented in 2018. Grants, primarily FEMA, increased as FEMA projects were completed, versioned and closed. Ad-valorem taxes increased 3.8% due to reassessments and better collections. The millage remained the same at 2.8 mills.

Program expenses of the Office had no unusual fluctuations except there was a decrease for out of parish inmate costs. There was a \$1.8 million loss on disposal of assets, primarily the pre-Katrina kitchen warehouse that was demolished. Other agencies spent \$2.6 million more in 2018 than in 2017 resulting in an increase in transfers to other government agencies. Interagency transfers are described in note 8.

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS

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

Governmental Funds

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

As of December 31, 2018, the Office's governmental funds reported combined ending fund balances of \$25 million. This is a decrease of \$2.1 million or approximately a 7.8% decrease from the prior year. Unassigned fund balance increased by \$2.7 million from \$2.3 million at December 31, 2017 to an unassigned fund balance of \$5.1 million at December 31, 2018. Restricted fund balance decreased by \$4.9 million during 2018.

Major Governmental Funds

Capital projects had a \$2.1 million dollar decrease from \$20.8 million to \$18.7 million restricted fund balance. This was primarily due to other agencies (primarily the Criminal District Courts) expending funds. Of this capital projects fund balance, \$17.6 million is restricted for other criminal justice agencies.

The Debt Service Fund's fund balance decreased by \$2.8 million. Ad valorem taxes of \$3.9 million (\$1.4 million for 2017) were collected for debt service. The increase in ad valorem tax revenue in 2018 was offset by \$6.8 million that was expended from the Debt Service Fund to pay fees and interest and to retire debt. For 2018, 1.7 mills (2.4 for 2017) are for operations/General Fund and 1.1 mills (.4 for 2017) are for debt service.

The General Fund is the Office's primary operating fund. The General Fund's fund balance increased by \$2.9 million in 2018 for an ending fund balance of \$5.6 million (less than 10% of one year's operations).

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

Major Governmental Funds (continued)

The following schedule shows General Fund Revenues and Expenditures:

	General Fund			
	2018	2017	\$ change	% change
REVENUES:				
City of New Orleans charges	\$ 51,518,130	\$ 52,490,520	\$ (972,390)	-1.9%
State of Louisiana DOC charges	2,328,364	2,930,638	(602,274)	-20.6%
Civil fees and commissions	4,263,700	5,549,029	(1,285,329)	-23.2%
Civil security services	973,485	816,872	156,613	19.2%
Investment income	72,024	44,090	27,934	63.4%
On-behalf payments	6,453,284	6,023,258	430,026	7.1%
Inmate telephone	973,421	934,431	38,990	4.2%
Release processing fees	355,217	440,221	(85,004)	-19.3%
State supplemental pay	1,911,760	2,132,149	(220,389)	-10.3%
Federal and state grants	2,889,103	2,014,249	874,854	43.4%
Restitution/administration	208,945	182,926	26,019	14.2%
Commissary	466,450	393,890	72,560	18.4%
Other income	436,765	463,796	(27,031)	-5.8%
Ad valorem tax revenue	6,011,806	8,097,044	(2,085,238)	-25.8%
Total revenues	78,862,454	82,513,113	(3,650,659)	-4.4%
EXPENDITURES:				
Central services	8,480,342	11,956,778	(3,476,436)	-29.1%
Court services	4,465,838	4,418,913	46,925	1.1%
Security services	15,262,193	13,660,929	1,601,264	11.7%
Investigative services	3,244,395	3,336,442	(92,047)	-2.8%
Administrative services	5,059,823	6,135,905	(1,076,082)	-17.5%
Records and booking	5,972,833	5,841,589	131,244	2.2%
Inmate services	19,724,755	19,081,205	643,550	3.4%
Grants and special programs	371,813	394,634	(22,821)	-5.8%
Plant and maintenance	7,602,083	6,885,485	716,598	10.4%
Debt retirement	3,185,173	3,500,000	(314,827)	-9.0%
Interest payments	134,965	96,566	38,399	39.8%
Civil administrative services	3,035,523	2,981,125	54,398	1.8%
Civil security services	1,779,267	1,525,364	253,903	16.6%
Capital outlays	1,194,977	1,576,867	(381,890)	-24.2%
Total expenditures	79,513,980	81,391,802	(1,877,822)	-2.3%
Deficiency of revenues over expenditures	(651,526)	1,121,311	(1,772,837)	-158.1%
OTHER FINANCING SOURCES	3,514,687	3,005,231	509,456	17.0%
Net changes in fund balances	2,863,161	4,126,542	(1,263,381)	-30.6%
FUND BALANCES, BEGINNING	2,741,563	(1,384,979)	4,126,542	-297.9%
FUND BALANCES, ENDING	\$ 5,604,724	\$ 2,741,563	\$ 2,863,161	104.4%

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

Major Governmental Funds (continued)

Revenues for the General Fund decreased by 4.4% (\$3.7 million decrease). This is primarily attributable to a \$2.1 million decrease in ad valorem tax revenues. There was no change in the overall millage but there was a greater allocation to the Debt Service Fund in 2018 and a corresponding decrease in millage for the General Fund. Civil fees and commissions decreased \$1.3 million. In 2017 accounts were assessed in preparation for a new accounting system to be implemented in 2018. As a result, 2017 Civil revenues were higher than normal. 2018 Civil revenues are 23.2% lower than 2017 but are 22% higher than 2016. State of Louisiana Department of Corrections (DOC) continued to decline as there are less DOC inmates.

Operating expenses for the General Fund decreased 2.3%, or \$1.9 million, from \$81.4 million to \$79.5 million. Central Services had decreased costs of \$3.5 million of which \$3 million had been for inmates housed outside the parish in 2017. Security services for criminal and civil were up due to deputies having two raises during 2018. Administrative expenses were down due to decreased administrative staff and unfilled positions. Plant and maintenance costs have increased as the buildings age and warranties expire. General Fund expenditures include a \$3.2 million debt retirement and other sources and uses includes a \$4.5 million debt issuance which results in a \$1.3 million increase in debt.

BUDGETARY HIGHLIGHTS

The General Fund

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. Other factors include that the classification of the inmate may restrict the type of bed that can be used. Another limiting factor is the staffing that is available.

The original budget for the General Fund included anticipated revenues of approximately \$89.2 million. The budget was amended to reflect a decrease to \$75.8 million primarily due to decreases in on-behalf payments in the amount of \$4.3 million and FEMA grant revenue in the amount of \$5.5 million. The original budget included \$9.5 million of on-behalf payments based on estimates from the City which anticipated increases in personnel. The on behalf over estimated revenues are offset by an equal amount of personnel expenses. The actual revenues excluding on behalf payments reported in the General fund of \$72.4 million were approximately \$1.9 million more than the amended budget (excluding on-behalf payments from the City) of \$70.5 million. This was primarily civil fees and commissions higher than budgeted.

During the year, the budget was amended to decrease operating expenses excluding on-behalf from \$76.0 million to \$74.8 million. The largest operational cost for the Office is personnel. The 2018 budget expected increases in the number of personnel and salary increases. There were increases in salaries however turnover of personnel exceeded the new hires during 2018 resulting in unfilled positions. Personnel costs for 2018 were \$1.6 million more than 2017.

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

BUDGETARY HIGHLIGHTS (continued)

The General Fund (continued)

Security services originally budgeted at \$19.7 million had a revised budget of \$15.5 million and actual costs of \$15.3 million due to unfilled positions. Inmate services originally budgeted for \$18.9 million had a revised budget of \$19.5 million and actual costs of \$19.7 million due to increases in medical services due to a higher rate on a new medical contract. Legal and claim costs were lower than expected. Central Services originally budgeted at \$6.9 million had a revised budget of \$8.8 million and actual costs of \$8.5 million.

The initial 2018 budget expected Federal and state grants of \$8.5 million. FEMA revenues are recognized on a reimbursement basis. The amended budget decreased Federal and state grant revenues to \$2.9 million, and actual federal and state grants were \$2.9 million. FEMA processing of requests for versions has slowed and FEMA is trying to only write versions at close out. Due to ongoing negotiations with various contractors, FEMA projects expected to be versioned were not. Revenues expected in 2018 are now expected to be realized in 2019 or later. The expected 2018 FEMA reimbursements were for both current and prior year expenditures. Since versions for prior year expenditures were not obligated by FEMA, the budget for transfers was reduced to \$1.0 million.

The original budget expected a minimal decrease in fund balance. The amended budget reflecting reductions in revenues and expenses expected a \$2.0 million decrease in fund balance. Actual results were a \$2.8 million increase in fund balance.

The Debt Service Fund

The 2018 debt service budget had minimal changes in revenues and expenditures. During 2018 the General Fund reimbursed Debt Service Fund for payments made on its behalf following Katrina. The amended budgeted included this as other financing sources however it was not needed since a receivable had been recorded in the debt service fund and the reimbursement reduced the receivable set up in previous years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Office's investment in capital assets, net of accumulated depreciation, as of December 31, 2018, is \$305.8 million. Additions to capital assets, funded through FEMA, general obligation bonds and the general fund, were \$1.6 million for 2018. Deletions to fixed assets primarily the kitchen warehouse used prior to Katrina were \$1.8 million. Depreciation of \$9.2 million also reduced capital assets.

Under the Office's capitalization policy, assets with a cost of \$5,000 or more are capitalized for purposes of financial reporting.

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The following table provides a comparative summary of capital assets:

	2018	2017	Percentage change
Land	\$ 6,052,681	\$ 6,052,681	0.0%
Construction in progress	2,142,986	1,932,008	10.9%
Depreciable assets:			
Building and improvements	343,559,882	352,114,647	-2.4%
Operating equipment	1,627,460	1,914,947	-15.0%
Furniture and equipment	1,205,017	1,366,767	-11.8%
Vehicles	7,194,988	6,978,008	3.1%
Total depreciable assets	<u>353,587,347</u>	<u>362,374,369</u>	<u>-2.4%</u>
Less accumulated depreciation	<u>55,953,141</u>	<u>55,118,855</u>	<u>1.5%</u>
Depreciable assets, net	<u>297,634,206</u>	<u>307,255,514</u>	<u>-3.1%</u>
Total assets	<u><u>\$ 305,829,873</u></u>	<u><u>\$ 315,240,203</u></u>	<u><u>-3.0%</u></u>

Long-term Obligations

At the end of the fiscal year, the Office had approximately \$49.7 million in long-term obligations as shown in the table below:

	2018	2017	Percentage change
General obligation bonds	\$ 23,190,000	\$ 29,010,000	-20.1%
Taxable Certificates of Indebtedness	2,500,000	3,000,000	-16.7%
Note payable	1,814,827	-	100.0%
Claims and judgments	5,700,283	6,521,148	-12.6%
Accrued annual and sick leave	2,145,168	1,816,767	18.1%
Other post employment benefits-restated	<u>14,362,563</u>	<u>15,809,974</u>	<u>-9.2%</u>
Total long-term obligations	<u><u>\$ 49,712,841</u></u>	<u><u>\$ 56,157,889</u></u>	<u><u>-11.5%</u></u>

In 2018, the long-term obligations of the Office decreased by \$6.5 million. The Office made regularly scheduled repayments of \$5.8 million on general obligation bonds. Taxable Certificates of Indebtedness were reduced by \$.5 million. An installment note of \$2 million was acquired and reduced by \$.2 million. A number of claims were settled during the year and claims and judgments, an estimate of future claim payments, decreased 12.6%. Accrued annual and sick leave increased 18.1% as a result of raises during the year. The OPEB liability was restated from \$4.3 million to \$15.8 million at the beginning of the year due to the implementation of GASB 75. Changes in the discount rate and expected performance during 2018 resulted in a \$1.5 million (9.2%) decrease during 2018 in the OPEB liability. Deferred inflows for OPEB of \$1.8 million were also recorded as a result of the implementation of GASB 75.

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-term Obligations (continued)

Voters approved General Obligation bonds of \$63.2 million on October 4, 2008. These bonds were issued over several years with the final \$8.2 million of general obligation bonds issued in 2015. The Office's General Obligation bonds have a "BBB+" rating by the national rating agency, Standard & Poor's. See Notes 8, 10 and 14 to the financial statements for additional information regarding long-term obligations.

Net Pension Liability and Deferred Inflows and Outflows

On the Statement of Net Position, the Office is also showing a long-term obligation for the net pension liability totaling \$17.3 million. This is the Office's proportionate share (approximately 4.5%) of the net pension liabilities of the Louisiana Sheriffs' Pension & Relief Fund. This is a \$1.2 million decrease in the current year. Pension related deferred outflows increased \$2.1 million to \$8.9 million. Pension related deferred inflows increased \$1.9 million to \$8.7 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

In September 2018 the Economics & Policy Research Group, the Division of Economic Development E. J. Ourso College of Business, Louisiana State University, Baton Rouge, LA published the "The Louisiana Economic Outlook 2019 and 2020" (LEO). For the LEO report, economic activity in the New Orleans metropolitan statistical area (MSA) includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, St. James, and St. Tammany parishes. Highlights of the report indicate that: "The New Orleans MSA is projected to be the seventh fastest growing MSA in the state, adding 6,500 jobs (+1.1%) in 2019 and 9,100 jobs (+1.6%) in 2020." This growth is attributed to industrial projects in St. James Parish and Plaquemines Parish. "This employment still remains 50,100 jobs or (8%) below its Pre-Katrina/Rita peak."

The LSU report further states that "Katrina and Rita caused employment to fall by a remarkable 133,700 jobs or 21.8 percent. These two storms effectively drove New Orleans MSA's employment back to levels it had not seen since 1977. Three decades of employment growth were wiped out overnight." The report answers the question of "Why has the recovery rate been so slow?" Housing is a key factor because of the sheer size of the destruction, and 74% of homeowners had no flood insurance. Other factors were that the economy in New Orleans was basically flat for the six years preceding the storm, public schools in New Orleans were the worst in the state (if not the nation), the drag of the national economy, and the deteriorating crime situation in New Orleans.

Crime continues to plague New Orleans. Uniform crime reports are no longer published by the City of New Orleans but their website shows graphs of the crime reports and these reflect that for 2018 aggravated assault, rape, automobile theft and theft were all up in 2018. Area vibes, a web site that tracks crime, indicates that New Orleans has 5,365 crimes per hundred thousand while Louisiana has only 3,924 per hundred thousand and nationally there are only 2,745 crimes per hundred thousand.

ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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

Budget

The 2019 General Fund budget shows a decrease in fund balance of \$394,999. Operating revenues and expenditures are based on the calculations and assumptions derived by the City of New Orleans.

In May 2015, the voters of the Orleans Parish Law Enforcement District (a blended component of the Office) authorized a tax not to exceed 2.8 mills on all property subject to taxation in the District, for a period of 10 years, beginning with the year 2016. The tax's purpose is to provide additional funding for the operation, maintenance and upkeep of the jails and related facilities, the District and the Office, with said millage levied each year to be reduced by the millage rate levied that year for the District's currently outstanding General Obligation Bonds. For 2019, 1.6 mills are levied for operations, and 1.2 mills are levied for debt service.

Non-Civil revenues are expected to be \$77.8 million and expenditures are expected to be \$79.6 million. \$.5 million is the difference between the expected debt retirement of \$2.5 million and expected new debt of \$1.75 million.

Civil revenues are expected to remain \$4.5 million and expenses are expected to be \$4.5 million.

FEMA cumulative total grants are expected to increase to over \$340 million (current obligated funds are \$325 million). Cumulative recognized FEMA accrual revenues are over \$322.5 million through the end of 2018. Additional FEMA revenues will be recognized as FEMA obligates the funds, and the Governor's Office of Homeland Security and Emergency Preparedness reimburses the expenditures. FEMA revenues are budgeted at \$3.7 million for 2019. Project worksheet versions that are necessary to request reimbursement in 2019 have not been obligated at this time. Approximately \$1.5 million of these revenues will be transferred to the Capital Projects Fund to reimburse expenditures made by the Capital Projects Fund in prior years.

The Courts have an independent Financial Monitor and a Compliance Director in place to review the financial and budgetary needs of the Office in relation to the Consent Decree.

The Office had substantially all of its buildings damaged by Hurricane Katrina. Much of the rebuilding is being funded by FEMA. The ultimate funding and reimbursements by FEMA 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 require increased expenditures for personnel and other compliance matters. The funding of the Consent Decree is under continual review, analysis, and discussion.

CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 40,287,265
Intergovernmental receivables	2,436,700
Investments	1,253,567
Interfund receivables	435,644
Other receivables	470,991
Inventory	400,987
Capital assets, net of accumulated depreciation	305,829,873
Total assets	<u>351,115,027</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows amounts related to net pension liability	<u>8,911,142</u>
Total deferred outflows of resources	<u>8,911,142</u>
<u>LIABILITIES:</u>	
Accounts payable	19,576,577
Accrued interest	286,783
Interfund payables	78,215
Long-term liabilities:	
Due within one year	7,741,343
Due after one year	41,971,498
Net pension liability	17,329,809
Total liabilities	<u>86,984,225</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to other post-employment benefits	1,835,735
Deferred inflow amounts related to net pension liability	<u>8,685,882</u>
Total deferred inflows of resources	<u>10,521,617</u>
<u>NET POSITION (DEFICIT):</u>	
Net investment in capital assets	274,010,219
Restricted net position:	
Debt service	767,139
Capital improvements, net of related debt	1,031,998
Intergovernmental transfers	17,629,058
Unrestricted net position	<u>(30,918,087)</u>
Total net position	<u>\$ 262,520,327</u>

The accompanying notes are an integral part of this financial statement.

**ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
<u>Governmental Activities:</u>	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Custody of inmates	\$ 79,352,458	\$ 62,303,811	\$ 4,386,577	\$ 1,835,984	\$ (10,826,086)
Civil division	5,308,971	5,237,185	397,964	-	326,178
Interest on long-term debt	996,908	-	-	-	(996,908)
Total governmental activities	\$ 85,658,337	\$ 67,540,996	\$ 4,784,541	\$ 1,835,984	(11,496,816)
General revenues:					
Ad valorem taxes					9,876,989
Investment income					213,655
Loss on disposal of assets					(1,827,844)
Other income					436,765
Transfers to other governmental agencies					(2,669,016)
Total general revenues and transfers					6,030,549
Change in net position					(5,466,267)
Net position - beginning restated					267,986,594
Net position - ending					\$ 262,520,327

The accompanying notes are an integral part of this financial statement.

ORLEANS PARISH SHERIFF'S OFFICE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Capital Projects	Debt Service	Total Governmental
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 16,475,245	\$ 23,145,121	\$ 666,899	\$ 40,287,265
Investments	1,253,567	-	-	1,253,567
Intergovernmental receivables	2,436,700	-	-	2,436,700
Interfund receivables	4,919,709	-	100,240	5,019,949
Other receivables	470,991	-	-	470,991
Inventory	400,987	-	-	400,987
	<u>\$ 25,957,199</u>	<u>\$ 23,145,121</u>	<u>\$ 767,139</u>	<u>\$ 49,869,459</u>
<u>LIABILITIES:</u>				
Accounts payable	\$ 19,576,577	\$ -	\$ -	\$ 19,576,577
Interfund payables	178,455	4,484,065	-	4,662,520
Total liabilities	<u>19,755,032</u>	<u>4,484,065.00</u>	<u>-</u>	<u>24,239,097</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	597,443	-	-	597,443
Total deferred inflows of resources	<u>597,443</u>	<u>-</u>	<u>-</u>	<u>597,443</u>
<u>FUND BALANCES:</u>				
Nonspendable amounts:				
Not in spendable form	426,581	-	-	426,581
Restricted	125,551	18,661,056	767,139	19,553,746
Unassigned	5,052,592	-	-	5,052,592
Total fund balance	<u>5,604,724</u>	<u>18,661,056</u>	<u>767,139</u>	<u>25,032,919</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 25,957,199</u>	<u>\$ 23,145,121</u>	<u>\$ 767,139</u>	<u>\$ 49,869,459</u>

The accompanying notes are an integral part of this financial statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total fund balances for governmental funds at December 31, 2018 \$ 25,032,919

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	6,052,681
Construction in progress	2,142,986
Buildings and improvements, net of \$46,932,096 accumulated depreciation	296,627,786
Operating equipment, net of \$1,240,634 accumulated depreciation	386,826
Office furniture and equipment, net of \$1,168,664 of accumulated depreciation	36,353
Vehicles, net of \$6,611,747 accumulated depreciation	583,241
	305,829,873

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 deferred inflows of resources must be recorded.

597,443

Deferred outflows related to the pension plan are a consumption of net assets that is applicable to a future reporting period and therefore are deferred.

8,911,142

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	(286,783)
Bonds and notes payable	(27,504,827)
Other post employment benefits accrual and related deferred inflows	(14,362,563)
Claims and judgements	(5,700,283)
Accrued annual and sick leave	(2,145,168)
Net pension liability	(17,329,809)
	(67,329,433)

Deferred inflows related to the pension and OPEB plans are an acquisition of net assets that is applicable to a future reporting period and therefore are deferred.

Pension related	(8,685,882)
OPEB related	(1,835,735)
	(10,521,617)

Total net position of governmental activities at December 31, 2018 \$ 262,520,327

The accompanying notes are an integral part of this financial statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Capital Projects	Debt Service	Total Governmental
REVENUES:				
Custody of inmates:				
City of New Orleans charges	\$ 51,518,130	\$ -	\$ -	\$ 51,518,130
State of Louisiana Department of Corrections charges	2,328,364	-	-	2,328,364
Civil fees and commissions	4,263,700	-	-	4,263,700
Civil security services	973,485	-	-	973,485
Investment income	72,024	129,297	12,334	213,655
On-behalf payments	6,453,284	-	-	6,453,284
Inmate telephone	973,421	-	-	973,421
State supplemental pay	1,911,760	-	-	1,911,760
Federal and state grants	2,889,103	-	-	2,889,103
Restitution/administration	208,945	-	-	208,945
Release processing fees	355,217	-	-	355,217
Commissary	466,450	-	-	466,450
Other income	436,765	-	-	436,765
Ad valorem tax revenue	6,011,806	-	3,865,183	9,876,989
	<u>78,862,454</u>	<u>129,297</u>	<u>3,877,517</u>	<u>82,869,268</u>
Total revenues				
EXPENDITURES:				
Central services	8,480,342	-	-	8,480,342
Court services	4,465,838	-	-	4,465,838
Security services	15,262,193	-	-	15,262,193
Investigative services	3,244,395	-	-	3,244,395
Administrative services	5,059,823	-	-	5,059,823
Records and booking	5,972,833	-	-	5,972,833
Inmate services	19,724,755	-	-	19,724,755
Grants and special programs	371,813	-	-	371,813
Plant and maintenance	7,602,083	-	-	7,602,083
Miscellaneous	-	-	3,625	3,625
Debt retirement	3,185,173	-	5,820,000	9,005,173
Interest payments	134,965	-	899,303	1,034,268
Civil administrative services	3,035,523	-	-	3,035,523
Civil security services	1,779,267	-	-	1,779,267
Capital outlays	1,194,977	590,290	-	1,785,267
	<u>79,513,980</u>	<u>590,290</u>	<u>6,722,928</u>	<u>86,827,198</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(651,526)</u>	<u>(460,993)</u>	<u>(2,845,411)</u>	<u>(3,957,930)</u>

(continued)

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Capital Projects	Debt Service	Total Governmental
<u>OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:</u>				
Proceeds from debt issuance	4,500,000	-	-	4,500,000
Proceeds from disposal of assets	3,165	-	-	3,165
Transfers in	-	988,478	-	988,478
Transfers out	(988,478)	-	-	(988,478)
Transfers to other governmental agencies	-	(2,669,016)	-	(2,669,016)
	<u>3,514,687</u>	<u>(1,680,538)</u>	<u>-</u>	<u>1,834,149</u>
Total other financing sources (uses), including transfers				
Net changes in fund balances	2,863,161	(2,141,531)	(2,845,411)	(2,123,781)
<u>FUND BALANCES, BEGINNING</u>	<u>2,741,563</u>	<u>20,802,587</u>	<u>3,612,550</u>	<u>27,156,700</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 5,604,724</u>	<u>\$ 18,661,056</u>	<u>\$ 767,139</u>	<u>\$ 25,032,919</u> (concluded)

The accompanying notes are an integral part of this financial 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
FOR THE YEAR ENDED DECEMBER 31, 2018

Total net changes in fund balances for the year ended December 31, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (2,123,781)
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 depreciation expense of \$9,174,978 exceeded assets of \$1,595,657 that were capitalized.	(7,579,321)
Net book value of assets disposed during the year	(1,831,009)
New debt issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(4,500,000)
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.	9,005,173
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 now available for spending were recognized in the prior year.	(25,342)
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.	
Accrued interest on bonds	37,360
Accrued other post employment benefits	(388,324)
Accrued claims and judgments	820,865
Accrued annual and sick leave	(328,401)
	141,500
In the Statement of Activities, certain pension related inflows and outflows of resources are recognized in the current year, while others are deferred. The net effect of these pension related transactions is a reconciling item.	1,446,513
Total change in net position for the year ended December 31, 2018 per Statement of Activities	\$ (5,466,267)

The accompanying notes are an integral part of this financial statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Pension Trust	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ -	\$ 4,434,107
Interfund receivables	67,775	10,440
Deposits	-	40,000
Investments and interest receivable	<u>1,480,645</u>	<u>-</u>
 Total assets	 <u>1,548,420</u>	 <u>4,484,547</u>
 <u>LIABILITIES:</u>		
Due to inmates and others	-	4,048,903
Interfund payables	<u>-</u>	<u>435,644</u>
 Total liabilities	 <u>-</u>	 <u>4,484,547</u>
 <u>NET POSITION:</u>		
Net position held in trust for pension benefits	<u>\$ 1,548,420</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Pension Trust</u>
<u>ADDITIONS:</u>	
Employer contributions	\$ 46,514
Employee contributions	<u>44,843</u>
Total contributions	<u>91,357</u>
Investment income	<u>20,418</u>
Total investment income	<u>20,418</u>
Total additions	<u>111,775</u>
<u>DEDUCTIONS:</u>	
Trustee fees	9,702
Benefits paid to participants	<u>69,483</u>
Total deductions	<u>79,185</u>
Change in net position	32,590
<u>NET POSITION, BEGINNING</u>	<u>1,515,830</u>
<u>NET POSITION, ENDING</u>	<u><u>\$ 1,548,420</u></u>

The accompanying notes are an integral part of this financial statement.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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. The District is considered a blended component unit.

Basis of Presentation

The Office's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

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 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, criterion 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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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 (ad valorem taxes, 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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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 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. The General Fund includes grants received from the Federal Emergency Management Agency (FEMA) and other grants.

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 through 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:

The Office has no non-major governmental funds.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

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

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.

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 outside parties including other governments, 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

All governmental fund 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 soon enough thereafter to be used to pay liabilities of the current period. 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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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 which are not considered available, ad valorem taxes which are not collected within 60 days of year end, and cash advances on reimbursement grants.

As discussed above, the District can levy ad valorem taxes for operations or repayment of debt. The District receives ad valorem/property taxes that have been levied on real and personal 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 and personal property in Orleans Parish on January 1st of the assessment year based upon the assessed value as of the prior August 15th. Before the taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. 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. In May of 2015, the voters of the District authorized a tax not to exceed 2.8 mills on all property subject to taxation in the District, for a period of 10 years, beginning with the year 2016, for the purpose of providing additional funding for the operation, maintenance and upkeep of the jails and related facilities of the District and the Office, with said millage levied each year to be reduced by the millage rate levied that year for the District's currently outstanding General Obligation Bonds. For 2018, 1.7 mills are levied for operations and 1.4 mills are levied for debt service.

The Office is authorized under state law to house inmates for Municipal and State agencies. In accordance with standard operating procedures between the Office and the State agency, the Office bills the agency a per diem amount for the housing of inmates. The City of New Orleans is required under State law to provide funding for the housing of their inmates which is authorized through their budgetary process. Other revenues of the Office include ad valorem taxes, 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).

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statements report separate sections for deferred outflows of resources and 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/expenditure) until then. 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.

Deferred Inflows - Intergovernmental grant. In the General Fund, the Office records a deferred inflow for one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. 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.

Deferred Outflows and Deferred Inflows - Pension Related. The Orleans Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 7. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

Deferred Outflows and Deferred Inflows – Other Post-Employment Benefits. For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to post-employment benefit expense are determined based on actuarial valuation. The Sheriff reports both deferred outflows of resources and deferred inflows of resources related to the OPEB liability calculation.

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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

Cash and Cash Equivalents

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

Investments

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

Investments are stated at fair value as determined by quoted market prices.

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 primarily of maintenance and office supplies and uniforms and are carried at weighted average cost. The weighted average cost is recorded as an expenditure at the time of consumption.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

Capital Assets

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

Capital assets are recorded in the Statement of Net 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 and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 years
Operating equipment	7 years
Office furniture and equipment	5 years
Vehicles	5 years

Compensated Absences

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. Sick pay accumulation is unlimited. If an employee retires, resigns or is terminated then annual leave is paid at current salary rates. If an employee retires, resigns or is terminated then if sick leave is in excess of 500 hours then it is paid for at 20% of actual accumulated hours at current salary rates. Sick pay is not paid if the employee has less than 500 hours.

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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

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:

Net investment in capital assets – consists of 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.

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.

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.

When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

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.

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

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

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.

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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

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

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. Reimbursements made in a subsequent year are recorded as transfers. 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.

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 and disclosure of contingent 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.

Current Year Adoption of New Accounting Standard and Restatement of Net Position

The Office adopted Government Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the financial statements to be able to make decisions and assess accountability. Total Net position as of December 31, 2017 is restated as follows:

	Governmental Activities
Total Net Position December 31, 2017, as previously reported	\$ 279,526,992
Reverse post-employment benefit obligation December 31, 2017	4,269,576
Record total post-employment benefit liability December 31, 2017	(15,809,974)
Net effect	(11,540,398)
Total Net Position, December 31, 2017, Restated	\$ 267,986,594

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

2) CASH AND CASH EQUIVALENTS

At December 31, 2018, The Office has cash and cash equivalents (book balances) as follows:

Non-interest bearing demand deposits	\$ 13,974,225
Interest-bearing demand deposits	30,718,201
Cash on hand	<u>28,946</u>
Total	<u>\$ 44,721,372</u>

Reconciliation to Government-Wide Statement of Net Position:

Per Government-Wide Statement of Net Position:	
Cash and cash equivalents	\$ 40,287,265
Fiduciary Funds (not included in Government-Wide Financial Statements)	<u>4,434,107</u>
Total	<u>\$ 44,721,372</u>

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. 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.

At December 31, 2018, the carrying amount of the Office's demand deposits and certificates of deposit were \$44,721,372 and the bank balances were \$46,722,614. The difference between the carrying amount and the bank balances is primarily due to outstanding checks or deposits in transit at December 31, 2018. The Office does not have any custodial credit risk at December 31, 2018.

3) INVESTMENTS

As of December 31, 2018, the Office's investment balances were as follows:

U.S. Treasury Obligations	\$ 1,153,595
Federal Agency Obligations	300,169
Money Market Funds	1,275,081
Interest Receivable	<u>5,367</u>
Total	<u>\$ 2,734,212</u>

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

3) INVESTMENTS (continued)

Reconciliation to the financial statements:

Per Government-Wide Statement of Net Position:

Investments	\$ 1,253,567
Fiduciary Funds (not included in Government-Wide Financial Statements)	
Pension Trust	1,480,645
	<hr/>
Total	<u><u>\$ 2,734,212</u></u>

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the market place. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Office has the following fair value measurements by hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Obligations	\$ 1,153,595	\$ -	\$ -
Federal Agency Obligations	300,169	-	-
Money Market	<u>1,275,081</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 2,728,845</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Level 1 investments listed in the above table are valued using prices quoted in active markets for those securities. The Office has no investments reported as Level 2 or 3.

Credit Risk

State law limits investments as described in note 1. The Office's investment policy does not further limit its investment choices. The treasury obligations are fully guaranteed by the federal government. The federal agency obligations are guaranteed by the respective agencies or U.S. government's instrumentalities. As of December 31, 2018, the Office's investments in Federal Agency Obligations were rated AAA by Moody's Investors Service. The money market funds are unrated accounts.

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.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

3) INVESTMENTS (continued)

Interest Rate Risk (continued)

As of December 31, 2018 the Office had the following investment types and maturities for investments subject to interest rate risk:

	Fair Value	Remaining Maturity (in Years)	
		Less Than One	1 – 5
U.S. Treasury Obligations	\$ 1,153,595	\$ -	\$ 1,153,595
Federal Agency Obligations	300,169	300,169	-
	<u>\$ 1,453,764</u>	<u>\$ 300,169</u>	<u>\$ 1,153,595</u>

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.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Office would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Office's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Office's name. The investments of the Office at December 31, 2018 were not subject to custodial credit risk.

4) INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at December 31, 2018 are as follows:

Custody of Inmates	
City of New Orleans	\$ 24,019
State of Louisiana	385,756
	<u>409,775</u>
Grants	
FEMA Grants	2,026,925
	<u>\$ 2,436,700</u>

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

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fiduciary Funds	\$ 435,644
Fiduciary Funds	General Fund	78,215
General Fund	Capital Projects Fund	4,484,065
Debt Service Fund	General Fund	100,240
		<u>\$ 5,098,164</u>

The balances result from the time lag between the dates that reimbursable expenditures occur, interfund goods and services are provided, payments to third parties are made and payments between funds are made.

6) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018 are as follows:

	<u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2018</u>
Capital assets not being depreciated:				
Land	\$ 6,052,681	\$ -	\$ -	\$ 6,052,681
Construction in progress	1,932,008	238,322	(27,344)	2,142,986
Total non-depreciable assets	<u>7,984,689</u>	<u>238,322</u>	<u>(27,344)</u>	<u>8,195,667</u>
Capital assets being depreciated:				
Buildings and improvements	352,114,647	979,924	(9,534,689)	343,559,882
Operating equipment	1,914,947	5,000	(292,487)	1,627,460
Office furniture and equipment	1,366,767	36,380	(198,130)	1,205,017
Vehicles	6,978,008	363,376	(146,396)	7,194,988
Total depreciable assets	<u>362,374,369</u>	<u>1,384,680</u>	<u>(10,171,702)</u>	<u>353,587,347</u>
Total capital assets	<u>370,359,058</u>	<u>1,623,002</u>	<u>(10,199,046)</u>	<u>361,783,014</u>
Less accumulated depreciation:				
Buildings and improvements	45,821,851	8,815,296	(7,705,051)	46,932,096
Operating equipment	1,424,490	107,259	(291,115)	1,240,634
Office furniture and equipment	1,362,375	4,419	(198,130)	1,168,664
Vehicles	6,510,139	248,004	(146,396)	6,611,747
Total accumulated depreciation	<u>55,118,855</u>	<u>9,174,978</u>	<u>(8,340,692)</u>	<u>55,953,141</u>
Capital assets, net	<u>\$ 315,240,203</u>	<u>\$ (7,551,976)</u>	<u>\$ (1,858,354)</u>	<u>\$ 305,829,873</u>

Depreciation expense in the amount of \$9,174,978 was charged \$9,131,105 to custody of inmates and \$43,873 to civil division

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) 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. Substantially all eligible employees hired on July 1, 1997 or thereafter, are required to participate in the new defined benefit plan. Employee participation in the deferred compensation plan is optional.

a) Defined Contribution Pension Plan (Pension Trust -- Fiduciary Fund)

The Pension Trust is a single employer defined contribution pension plan established by the Orleans Parish Sheriff's Office. The Pension Trust provides benefits at retirement to employees of the Office who are not participants in the Louisiana Sheriffs' Pension and Relief Fund. 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, 2018 of \$46,514. Forfeitures from prior years were used to pay expenses of \$9,702. The employees contributed to the Plan through payroll withholdings a total of \$44,843 for the year ended December 31, 2018, 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 issues a publicly available financial report that includes financial statements and required supplementary information for the System. Access to the report can be found on the Louisiana Legislative Auditor's website www.la.la.gov.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) **PENSION PLANS (continued)**

b) **Defined Benefit Pension Plan (continued)**

Effective January 1, 2015, the Office implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB 68. These standards require the Office to record its proportional share of the pension plan's Net Pension Liability and report the following disclosures:

Plan Description:

The Louisiana Sheriff's Pension and Relief Fund is the administrator of the cost-sharing, multiple employer defined benefit pension plan. The plan provides retirement, disability and survivor benefits to employees of sheriffs' offices throughout the state of Louisiana, employees of the Louisiana Sheriffs' Association and the Sheriffs' Pension and Relief Fund's office as provided for in LRS 11:2171.

Members who joined the system on or before December 31, 2011, are eligible for regular retirement benefits upon attaining 30 years of creditable service at any age, or 12 years of creditable service and aged 55 years. Retirement benefit payable monthly for life, equal to three and one-third percent of his final average compensation for each year of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least 10 years of creditable service may retire at age 60. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

Members who joined the system on or after January 1, 2012, who retire at or after age 62 with at least 12 years of creditable service, at or after age 60 with at least 20 years of creditable service, or at 55 with 30 years of creditable service are entitled to a retirement benefit payable monthly for life, equal to three percent. For members with 30 or more years of service; the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual times the member's final average compensation for each year of creditable service. In any case, the retirement benefit cannot exceed 100 percent of their final average salary. Members with 20 or more years of service may retire with a reduced retirement at age 50.

For members who joined the system on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest 36 consecutive months (60 highest consecutive months for member employed between July 1, 2006 and July 1, 2013) or joined months if service was interrupted. The earnings to be considered for each 12 month period within the 36 month (or 60 month) period shall not exceed 125% of the preceding 12 months. For members joining after July 1, 2013, final compensation is based on the average monthly earnings during the highest 60 consecutive months and the earnings to be considered for each 12 month period within the 60 months shall not exceed 115% of the preceding 12 month period.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) **PENSION PLANS (continued)**

b) **Defined Benefit Pension Plan (continued)**

Plan Description (continued):

A member is eligible to receive disability benefits if the member has at least 10 years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under 18 years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than 4 children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

The fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches the appropriate age for retirement.

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) **PENSION PLANS (continued)**

b) **Defined Benefit Pension Plan (continued)**

Plan Description (continued):

Cost of living provisions for the Fund allows the board of trustees to provide an annual cost of living increase of 2.5% of the eligible retiree's original benefit if certain funding criteria are met. Members are eligible to receive a cost of living adjustment once they have attained the age of sixty and have been retired at least one year. Funding criteria for granting cost of living adjustments is dependent on the funded ratio.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 12.75% with an additional 0% allocated from the Funding Deposit Account.

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense.

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary and the Office is required to contribute at an actuarially determined rate. For the year ended June 30, 2018 the rate is 12.75 percent of annual covered payroll. Effective July 1, 2018 the rate was decreased to 12.25 percent of covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Office are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Office's contributions to the System, for the years ending December 31, 2018, 2017, and 2016, were \$3,850,464, \$3,860,617, and \$4,142,653 respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2018, the Office reported a liability of \$17,329,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Office proportion was 4.519269%, which was an increase of 0.237224% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Sheriff recognized pension expense of \$4,248,955.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) **PENSION PLANS (continued)**

b) **Defined Benefit Pension Plan (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):

At December 31, 2018 the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (4,864,749)
Changes of assumptions	5,122,938	-
Net difference between projected and actual earnings on pension plan investments	-	(1,028,757)
Changes in proportion	1,750,895	(2,515,097)
Difference between the Office's contributions and its proportionate share of contributions	-	(277,279)
Employer contributions subsequent to the measurement date	<u>2,037,309</u>	<u>-</u>
Total	\$ <u>8,911,142</u>	\$ <u>(8,685,882)</u>

The Office reported a total of \$2,037,309 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year</u>	<u>LSRPF</u>
2019	\$ 1,150,548
2020	43,540
2021	(2,182,986)
2022	(565,720)
2023	<u>(257,431)</u>
	\$ <u>(1,812,049)</u>

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) PENSION PLANS (continued)

b) Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years (2017 and 2016), 6 years (2018, 2015 and 2014)
Investment Rate of return	7.25%, net of investment expense
Discount Rate	7.25%
Projected salary increases	5.5% (2.60% inflation, 2.90% merit)
Mortality Rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Changes in Valuation Methods and assumptions	The discount rate used to measure pension liability was lowered from 7.4% to 7.25% and the investment rate of return was lowered from 7.5% to 7.25%.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) PENSION PLANS (continued)

b) Defined Benefit Pension Plan (continued)

The mortality rate assumptions were set after reviewing an experience study performed over the period of July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Estimates of arithmetic real rates of return for each major asset class based on the System's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long – Term Expected Portfolio Real Rate of Return</u>
Equity securities	62%	6.9%	4.40%
Fixed Income	23%	3.2%	0.70%
Alternative Investments	15%	4.5%	0.70%
Total	<u>100%</u>		5.70%
Inflation			2.50%
Expected Arithmetic Nominal Return			<u>8.20%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendations of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

7) **PENSION PLANS (continued)**

b) **Defined Benefit Pension Plan (continued)**

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Office's proportionate share of the net pension liability (NPL) using the discount rate of 7.25% as well as what the Office's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate.

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.25%	7.25%	8.25%
Office's Share of NPL	\$ 39,219,671	\$ 17,329,809	\$ (1,098,953)

Payables to the Pension Plan

At December 31, 2018, the Office had accrued payables to the Pension Plan of \$134,610 for the accrued payroll at December 31, 2018.

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 2017, the Plan allowed employees to contribute up to the lesser of \$18,000 for employees 49 years of age or younger; \$24,000 for employees 50 years of age or older (\$36,000 for those eligible for catch-up) or 100% of their salary. The Office has the option to match certain contributions but is not exercising this option currently. Employees contributed through payroll withholdings a total of \$377,747 for the year ended December 31, 2018.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

8) LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2018:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	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.	\$ 1,000,000	\$ -	\$ (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.	1,315,000	-	(1,315,000)	-	-
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.	8,685,000	-	(1,050,000)	7,635,000	1,110,000
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.	3,240,000	-	(320,000)	2,920,000	330,000
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.	3,270,000	-	(325,000)	2,945,000	330,000
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.	5,530,000	-	(1,055,000)	4,475,000	1,080,000

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

8) LONG-TERM DEBT OBLIGATIONS (continued)

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
General Obligation Bonds (Series 2015): \$8,225,000 originally issued with interest rate at 2.75% maturing September 1, 2015 through September 1, 2024, secured by collections of ad valorem taxes.	5,970,000	-	(755,000)	5,215,000	785,000
Taxable Certificates of Indebtedness (Series 2017): \$3,000,000 originally issued with interest rate at 3.25%, maturing June 30, 2018, secured by revenues of the Office.	3,000,000	-	(3,000,000)	-	-
Taxable Certificates of Indebtedness (Series 2018): \$2,500,000 originally issued with interest rate at 4.40%, maturing June 30, 2019, secured by revenues of the Office.	-	2,500,000	-	2,500,000	2,500,000
\$2,000,000 note issued April 30, 2018 issued with interest rate at 3.40%, due principal payable starting October 30, 2018, maturing June 30, 2023.	-	2,000,000	(185,173)	1,814,827	379,843
	32,010,000	4,500,000	(9,005,173)	27,504,827	6,514,843
Other Liabilities:					
Claims and judgments	6,521,148	1,078,385	(1,899,250)	5,700,283	1,226,500
Accrued annual and sick leave	1,816,767	2,389,090	(2,060,689)	2,145,168	-
Other post employment liabilities (restated)	15,809,974	719,697	(2,167,108)	14,362,563	-
	\$ 56,157,889	\$ 8,687,172	\$ (15,132,220)	\$ 49,712,841	\$7,741,343

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

Year Ending	Principal	Interest	Total
2019	\$ 6,514,843	\$ 782,666	\$ 7,297,509
2020	4,162,866	606,884	4,769,750
2021	4,321,338	481,253	4,802,591
2022	4,490,271	350,437	4,840,708
2023	3,250,509	234,209	3,484,718
2024-2026	4,765,000	222,915	4,987,915
	\$ 27,504,827	\$ 2,678,364	\$ 30,183,191

Interest expense on long-term debt for the year ended December 31, 2018 was \$996,908.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

8) LONG-TERM DEBT OBLIGATIONS (continued)

On February 15, 2001, the District issued \$27,000,000 of General Obligation Bonds (Series 2001), for repairing, renovating, improving, and constructing facilities for the Orleans Parish Sheriff's Office, District Attorney, District Courts, Clerk of District Court, Juvenile Court, and Municipal and Traffic Court. One half, or \$13.5 million, was allocated to governmental agencies other than the Office. The bonds were paid in full in 2011.

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, 2018
Orleans Parish District Attorney	\$ 2,500,000	\$ 1,465,589	\$ 429,045	\$ 1,463,456
Orleans Parish District Courts	8,500,000	5,865,409	1,458,754	4,093,345
Orleans Parish Clerk of District Courts	800,000	800,000	137,295	137,295
Orleans Parish Juvenile Courts	1,000,000	1,157,902	171,618	13,716
Orleans Parish Municipal and Traffic Courts	700,000	700,000	120,133	120,133
	<u>\$ 13,500,000</u>	<u>\$ 9,988,900</u>	<u>\$ 2,316,845</u>	<u>\$ 5,827,945</u>

On October 4, 2008, the voters of 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, District Attorney, Clerk of District Court, Juvenile Court, Municipal and Traffic Court, and New Orleans Forensic Center. The 20-year bonds are payable from ad valorem taxes. There have been seven 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, \$10,000,000 was issued June 14, 2013 and \$8,225,000 was issued January 15, 2015. Out of the \$63,225,000 issue \$22,335,000 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, 2018
Orleans Parish District Attorney	\$ 3,290,000	\$ 241,466	\$ 49,850	\$ 3,098,384
New Orleans Forensic Center	5,000,000	5,000,000	75,760	75,760
Orleans Parish Clerk of Criminal District Court	2,825,000	121,650	42,805	2,746,155
Orleans Parish Juvenile Courts	3,720,000	3,720,500	56,366	55,866
Orleans Parish Municipal and Traffic Courts	7,500,000	1,788,694	113,642	5,824,948
	<u>\$ 22,335,000</u>	<u>\$ 10,872,310</u>	<u>\$ 338,423</u>	<u>\$ 11,801,113</u>

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

9) FUND BALANCE

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

Restricted – The general fund includes \$125,551 restricted for encumbrances. The capital projects fund includes \$1,031,998 restricted for capital improvements and \$17,629,058 restricted for intergovernmental transfers (see note 8). The debt service fund includes \$767,139 restricted for debt service.

10) 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 and physical damage policies for selected vehicles. The Office has selected flood and property policies, including policies for the kitchen/warehouse, intake and processing, inmate housing, and the administrative building. 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 were as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End</u>
2016	\$ 5,832,341	\$ 3,034,592	\$ (2,455,792)	\$ 6,411,141
2017	6,411,141	1,752,569	(1,642,562)	6,521,148
2018	6,521,148	1,078,385	(1,899,250)	5,700,283

11) 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, and gasoline.

Hospitalization premiums, unemployment benefits, and workers' compensation premiums paid by the City of New Orleans on behalf of the Office totaled \$6,453,284 and are included in the accompanying financial statements as revenues and expenditures in the General Fund.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

12) TAX ABATEMENTS

The Office is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"). Abatements to which the Office may be subject include those issued for property taxes under the Restoration Tax Abatement Program ("RTAP"). Under the RTAP, as authorized by Article 7, Section 21(H) of the Louisiana Constitution and Louisiana Revised Statutes 47:4311, companies that expand, restore, improve or develop an existing structure or structures in a downtown, historic, or economic development district can apply to the State Board and the local governing authority (City of New Orleans) for a property tax exemption. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon the approval of the State Board and the local governing authority. The property tax abatements have resulted in reductions of property taxes. During the year ended December 31, 2018 ad valorem taxes abated applicable to the Office totaled approximately \$154,000.

13) ECONOMIC DEPENDENCY

The Office derives a material part of its revenues for the housing of state, and municipal prisoners. These revenues are received from the City of New Orleans, and the State of Louisiana Department of Corrections. For the year ended December 31, 2018, revenues from these sources exceeded \$53 million.

14) CONTINGENCIES

Litigation

The Office is a defendant in various lawsuits. As discussed in note 10, the Office is self-insured with respect to claims. The Office and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome and to provide an estimate of its exposure to potential loss. This estimate could change in the near term due to the litigation environment.

Intergovernmental Assistance

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

The Office of Inspector General – OIG has issued reports questioning FEMA's funding of approximately \$6.3 million of costs relating to certain grants from 2005 through 2011 related to Hurricane Katrina. Of the total questioned amounts approximately \$4.9 million have been resolved and \$1.4 million is still disputed. The ultimate outcome of the remainder of the questioned costs is undetermined at this time.

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, 2018, the Office has received reimbursements from the Federal Emergency Management Association (FEMA) of \$319,331,593.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

14) CONTINGENCIES (continued)

Included in accounts receivable at December 31, 2018 is \$1,429,482 of reimbursements from FEMA which were considered available (collected within the current period or soon enough thereafter to be used to pay liabilities of the current period) and \$597,443 of additional accruals related to FEMA that 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 \$982,253 of recorded expenditures, are not recorded in accounts receivable. Advances and receipts for unrecorded expenses of \$1,800,708 are recorded as a payable to the State of Louisiana, the pass through agency for FEMA funds. FEMA obligated grants total \$325,276,146 at December 31, 2018.

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. The Office has taken steps to address the concerns at the housing facilities. 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 the housing facilities 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.

In August 2014, the Court ordered that all acute mental health detainees be housed at the Ellyn Hunt's Correctional Facility.

In June 2016 a stipulated order for appointment of an Independent Jail Compliance Director went into effect.

The Office is continuing discussions with the City, monitors, and the Court to adequately finance the Office.

15) POST-EMPLOYMENT BENEFITS

On-Behalf Other Post-Employment Benefits Provided by the City of New Orleans

The City of New Orleans (the City) is responsible for funding other post-employment benefits (OPEB) for retirees of the Criminal Division of the Orleans Parish Sheriff's Office who are under the age of 65 and meet one of the following requirements: member of the Orleans Parish Sheriff's Employees Retirement Plan (defined contribution plan) with ten years of service and age 55 years or older; or member of the Louisiana Sheriffs' Pension & Relief Fund with 30 years of service at any age, 20 years of service at 50 years of age or older, 12 years of service at 55 years of age or older, or 10 years of service at age 60 years of age or older.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

15) POST-EMPLOYMENT BENEFITS (continued)

On-Behalf Other Post-Employment Benefits Provided by the City of New Orleans (continued)

These retirees participate in the City's OPEB plan. Benefits payments are paid directly by the City and are included in on-behalf payments on the financial statements. The amount of on-behalf payments related to health benefits for active and retired employees for the year ended December 31, 2018 totaled \$4,417,133. The proportionate share of the plan's OPEB liability related to the Office's retirees is 7.98% and the City's share of the liability related to the Office's retirees is \$11,543,330. For additional information on the plan and benefit terms, etc. please refer to the Comprehensive Annual Financial Report for the City of New Orleans. None of the liability and deferrals are allocated to or the responsibility of the Sheriff thus are not recorded on the statement of net position.

The Orleans Parish Sheriff's OPEB Plan

General Information about the OPEB Plan

Plan description – The Orleans Parish Sheriff (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The Orleans Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical and dental benefits are provided to employees upon actual retirement only in the Civil Division for a closed group (grandfathered employees). For that closed group, the employer pays 100% of the medical and dental coverage for the retiree (not dependents). See the sections below for details on life insurance for the non-grandfathered group. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; or, age 55 and 12 years of service. For employees hired on and after January 1, 2012, the retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; or, age 60 and 20 years of service; or, age 62 and 12 years of service.

Life insurance coverage is continued to retirees by election and is based on a blended rate for active employees and retirees. 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. Life insurance coverage is reduced to \$10,000 upon retirement for non-grandfathered retirees and further reduced to \$6,500 at age 65 and \$5,000 at age 70. For grandfathered retirees, insurance coverage amounts at retirement remain the same but the amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

15) POST-EMPLOYMENT BENEFITS (continued)

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	205
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	726
	931

Total OPEB Liability

The Sheriff's total OPEB liability of \$14,362,563 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Total OPEB Liability (continued)

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2018, the end of the applicable measurement period.

Mortality rates were based on the SOA-RP-2000 Combined Table.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$15,809,974
Changes for the year:	
Service cost	303,916
Interest	538,163
Differences between expected and actual experience	(749,991)
Changes in assumptions	(1,208,126)
Benefit payments and net transfers	(331,373)
Net changes	(1,447,411)
Balance at December 31, 2018	\$14,362,563

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

15) POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1.0% Decrease (3.10%)	Current Discount Rate (4.10%)	1.0% Increase (5.10%)
Total OPEB liability	\$ 16,177,532	\$ 14,362,563	\$ 12,909,762

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 12,900,441	\$ 14,362,563	\$ 16,164,349

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Sheriff recognized OPEB expense of \$719,697. At December 31, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (703,117)
Changes in assumptions	\$ -	\$ (1,132,618)
Total	\$ -	\$ (1,835,735)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2019	\$ (122,382)
2020	(122,382)
2021	(122,382)
2022	(122,382)
2023	(122,382)
Thereafter	(1,223,825)
	<u>\$ (1,835,735)</u>

**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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Custody of prisoners:				
City of New Orleans charges	\$ 53,188,976	\$ 51,624,160	\$ 51,518,130	\$ (106,030)
State of Louisiana Department of Corrections charges	2,384,939	2,239,227	2,328,364	89,137
Civil fees and commissions	3,622,554	2,610,580	4,263,700	1,653,120
Civil security services	884,991	911,506	973,485	61,979
On-behalf payments	9,503,015	5,229,505	6,453,284	1,223,779
Other income	2,429,832	2,249,823	2,512,822	262,999
State supplemental pay	2,796,000	2,030,793	1,911,760	(119,033)
Federal and state grants	8,450,000	2,855,695	2,889,103	33,408
Ad valorem tax revenue	5,930,297	6,021,389	6,011,806	(9,583)
Total revenues	<u>89,190,604</u>	<u>75,772,678</u>	<u>78,862,454</u>	<u>3,089,776</u>
<u>EXPENDITURES:</u>				
Central services	6,853,383	8,755,243	8,480,342	(274,901)
Court services	5,660,258	4,604,101	4,465,838	(138,263)
Security services	19,731,660	15,452,387	15,262,193	(190,194)
Investigative services	4,348,814	3,379,576	3,244,395	(135,181)
Administrative services	4,885,764	5,050,932	5,059,823	8,891
Records and booking	7,084,099	6,213,735	5,972,833	(240,902)
Inmate services	18,884,333	19,531,964	19,724,755	192,791
Interest	82,500	132,268	134,965	2,697
Debt retirement	3,000,000	3,000,000	3,185,173	185,173
Grants and special programs	645,558	401,725	371,813	(29,912)
Civil administrative services	2,724,261	3,102,284	3,035,523	(66,761)
Civil security services	1,611,014	1,378,919	1,779,267	400,348
Plant and maintenance	8,006,691	7,707,688	7,602,083	(105,605)
Capital outlays	2,014,000	1,334,061	1,194,977	(139,084)
Total expenditures	<u>85,532,335</u>	<u>80,044,883</u>	<u>79,513,980</u>	<u>(530,903)</u>
Excess (deficiency) of revenues over expenditures	<u>3,658,269</u>	<u>(4,272,205)</u>	<u>(651,526)</u>	<u>3,620,679</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from note issuance	2,500,000	3,246,432	4,500,000	1,253,568
Proceeds from sale of assets	-	-	3,165	3,165
Transfers out	(6,300,000)	(988,000)	(988,478)	(478)
Total other financing sources (uses)	<u>(3,800,000)</u>	<u>2,258,432</u>	<u>3,514,687</u>	<u>1,256,255</u>
Net change in fund balance	(141,731)	(2,013,773)	2,863,161	4,876,934
<u>FUND BALANCES, BEGINNING</u>	<u>593,539</u>	<u>2,741,563</u>	<u>2,741,563</u>	<u>-</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 451,808</u>	<u>\$ 727,790</u>	<u>\$ 5,604,724</u>	<u>\$ 4,876,934</u>

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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
REVENUES:				
Investment income	\$ 6,000	\$ 12,830	\$ 12,334	\$ (496)
Ad valorem tax revenue	3,837,251	3,849,547	3,865,183	15,636
Total revenues	<u>3,843,251</u>	<u>3,862,377</u>	<u>3,877,517</u>	<u>15,140</u>
EXPENDITURES:				
Miscellaneous	-	27,975	3,625	(24,350)
Debt retirement	5,820,000	5,820,000	5,820,000	-
Interest payments	835,113	899,303	899,303	-
Total expenditures	<u>6,655,113</u>	<u>6,747,278</u>	<u>6,722,928</u>	<u>(24,350)</u>
Excess of expenditures over revenues	(2,811,862)	(2,884,901)	(2,845,411)	39,490
OTHER FINANCING SOURCES:				
Net change in fund balance	(2,811,862)	(1,246,042)	(2,845,411)	(1,599,369)
FUND BALANCES, BEGINNING	<u>3,714,781</u>	<u>3,612,550</u>	<u>3,612,550</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 902,919</u>	<u>\$ 2,366,508</u>	<u>\$ 767,139</u>	<u>\$ (1,599,369)</u>

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF THE THE EMPLOYER'S CONTRIBUTIONS
LOUISIANA SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017	2016	2015	2014
Contractually Required Contribution ¹	\$ 3,850,464	\$ 3,860,617	\$ 4,142,653	\$ 4,631,826	\$ 4,638,581
Contributions in Relation to Contractually Required Contribution ²	<u>3,850,464</u>	<u>3,860,617</u>	<u>4,142,653</u>	<u>4,631,826</u>	<u>4,638,581</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Employer's Covered Employee Payroll ³	\$ 30,797,138	\$ 29,800,828	\$ 30,684,669	\$ 33,132,022	\$ 32,947,249
Contractually Required Contributions as a % of Covered Employee Payroll ⁴	12.75%/13.25%	13.25%/12.75%	13.75%/13.25%	14.25%/13.75%	13.89%/14.25%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with 2014.

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the Sheriffs' Pension and Relief Fund*

³ *Employer's covered employee payroll amount for the LSPRF fiscal years ended December 31*

⁴ *Employer's required contribution rate for January-June/July-December*

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LOUISIANA SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED DECEMBER 31, 2018 (*)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	4.5193%	4.2820%	4.9902%	5.0016%	4.6837%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,329,809	\$ 18,542,423	\$31,672,341	\$ 22,294,701	\$ 18,547,520
Employer's Covered-Employee Payroll	\$ 30,367,746	\$ 28,896,806	\$33,284,433	\$ 32,514,467	\$ 28,908,589
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	57.07%	64.17%	95.16%	68.57%	64.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.41%	88.49%	82.10%	86.61%	87.34%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with 2014.

* The amounts presented have a measurement date of June 30 the LSPRF fiscal year end.

ORLEANS PARISH SHERIFF'S OFFICE
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 AS OF DECEMBER 31, 2018

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between expected and actual experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
12/31/2018	12/31/2018	\$ 303,916	\$ 538,163	\$ (749,991)	\$ (1,208,126)	\$ (331,373)	\$ (1,447,411)	\$ 15,809,974	\$ 14,362,563	\$ 28,206,847	50.92%

Notes to Schedule:

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

Benefit Changes.

There were no changes in benefits.

Changes of Assumptions.

The changes deferred outflows related to changes in assumptions was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability

Measurement Date	Discount Rate
1/1/2018	3.44%
12/31/2018	4.1

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF OPEB EMPLOYER CONTRIBUTIONS
AS OF DECEMBER 31, 2018

Actuarially determined contribution		\$ 1,157,076
Contributions in relation to the actuarially determined contribution		
(a) Employer contributions to trust	\$ -	
(b) Employer-paid retiree premiums	331,373	
(c) Employer-paid expenses	-	
(d) = (a) + (b) +(c)	331,373	
Contribution deficiency (excess)		\$ 825,703
Covered annual payroll		\$ 28,206,847
Contributions as a percentage of covered payroll		1.17%

Notes to Schedule

This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.

Valuation date 1/1/18

Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported,

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.5% annually
Healthcare trend	5.5% annually
Salary increases	4.0% annually
Discount Rate	3.44% annually (Beginning of Year to Determine ADC) 4.10% annually (As of End of Year Measurement Date)
Retirement age	Retirement age 3 years delay after: 30 years of service at any age; or, age 55 and 12 years of service, if hired 1/1/2012 or later; age 55 and 30 years of service or, age 60 and 20 years of service; or age 61 and 12 years of service
Mortality	SOA RP-2000 Combined Table
Turnover	Zero turnover for grandfathered civil Age specific table with an average of 20% when applied to the active census for non-grandfathered.

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2018

	Fines	Criminal Justice	Property Room	Cash Bonds and Fines	Civil	Total Agency
<u>ASSETS:</u>						
Cash	\$ 4,301	\$ 100	\$ 338,985	\$ 63,362	\$ 4,027,359	\$ 4,434,107
Interfund receivable	-	2,332	8,108	-	-	10,440
Deposits	-	-	40,000	-	-	40,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,301	2,432	387,093	63,362	4,027,359	4,484,547
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES:</u>						
Due to inmates and others	2,996	2,432	387,093	16,985	3,639,397	4,048,903
Interfund payable	1,305	-	-	46,377	387,962	435,644
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,301	2,432	387,093	63,362	4,027,359	4,484,547
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Functions/Programs			
<u>Governmental activities:</u>			
Custody of inmates:			
Personnel	\$ 39,709,675	\$ 38,065,583	\$ 40,871,408
Contractual	27,029,789	30,220,486	29,766,841
Materials and supplies	3,481,889	3,299,669	2,826,748
Depreciation	9,131,105	9,124,571	9,148,260
Total custody of inmates	<u>79,352,458</u>	<u>80,710,309</u>	<u>82,613,257</u>
Civil division	5,308,971	5,136,637	5,382,986
Interest on long-term debt	<u>996,908</u>	<u>1,143,698</u>	<u>1,371,227</u>
 Total governmental activities	 <u>\$ 85,658,337</u>	 <u>\$ 86,990,644</u>	 <u>\$ 89,367,470</u>

See accompanying Independent Auditors' Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE BALANCE SHEETS - GENERAL FUND
DECEMBER 31, 2018, 2017, AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 16,475,245	\$ 13,847,821	\$ 14,051,598
Investments	1,253,567	-	-
Intergovernmental receivables	2,436,700	3,217,203	3,368,891
Interfund receivables	4,919,709	6,585,784	5,820,720
Other receivables	470,991	886,214	1,165,531
Prepaid expenses	-	27,264	15,082
Inventory	400,987	246,773	238,891
	<u>400,987</u>	<u>246,773</u>	<u>238,891</u>
Total assets	<u>\$ 25,957,199</u>	<u>\$ 24,811,059</u>	<u>\$ 24,660,713</u>
<u>LIABILITIES:</u>			
Accounts payable	\$ 19,576,577	\$ 19,805,720	\$ 23,095,594
Interfund payables	178,455	1,640,991	2,135,635
Total liabilities	<u>19,755,032</u>	<u>21,446,711</u>	<u>25,231,229</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenues	<u>597,443</u>	<u>622,785</u>	<u>814,463</u>
Total deferred inflows of resources	<u>597,443</u>	<u>622,785</u>	<u>814,463</u>
<u>FUND BALANCES:</u>			
Nonspendable amounts:			
Not in spendable form	426,581	274,037	253,973
Restricted	125,551	125,588	100,495
Unassigned	<u>5,052,592</u>	<u>2,341,938</u>	<u>(1,739,447)</u>
Total fund balance (deficit)	<u>5,604,724</u>	<u>2,741,563</u>	<u>(1,384,979)</u>
Total liabilities and fund balances	<u>\$ 25,957,199</u>	<u>\$ 24,811,059</u>	<u>\$ 24,660,713</u>

See accompanying Independent Auditors' Report.

ORLEANS PARISH SHERIFF'S OFFICE

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
<u>REVENUES:</u>			
Custody of inmates:			
City of New Orleans charges	\$ 51,518,130	\$ 52,490,520	\$ 52,141,308
State of Louisiana Department of Corrections charges	2,328,364	2,930,638	3,006,247
Civil fees and commissions	4,263,700	5,549,029	3,493,844
Civil security services	973,485	816,872	992,393
Investment income	72,024	44,090	9,663
On-behalf payments	6,453,284	6,023,258	6,824,970
Inmate telephone	973,421	934,431	866,128
State supplemental pay	1,911,760	2,132,149	2,355,857
Federal and state grants	2,889,103	2,014,249	2,640,306
Restitution/administration	208,945	182,926	325,314
Commissary	466,450	440,221	360,950
Release processing fees	355,217	393,890	426,817
Ad valorem tax revenue	6,011,806	8,097,044	5,699,865
Other income	436,765	463,796	503,121
	<u>78,862,454</u>	<u>82,513,113</u>	<u>79,646,783</u>
<u>EXPENDITURES:</u>			
Central services	8,480,342	11,956,778	14,680,026
Court services	4,465,838	4,418,913	4,522,442
Security services	15,262,193	13,660,929	15,715,156
Investigative services	3,244,395	3,336,442	3,691,363
Administrative services	5,059,823	6,135,905	4,909,733
Records and booking	5,972,833	5,841,589	5,718,052
Inmate services	19,724,755	19,081,205	16,244,563
Grants and special programs	371,813	394,634	562,021
Plant and maintenance	7,602,083	6,885,485	6,021,635
Debt retirement	3,185,173	3,500,000	4,000,000
Interest payments	134,965	96,566	134,330
Civil administrative services	3,035,523	2,981,125	2,997,241
Civil security services	1,779,267	1,525,364	1,626,002
Capital outlays	1,194,977	1,576,867	2,469,603
	<u>79,513,980</u>	<u>81,391,802</u>	<u>83,292,167</u>
Excess (deficiency) of revenues over expenditures	<u>(651,526)</u>	<u>1,121,311</u>	<u>(3,645,384)</u>
<u>OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:</u>			
Proceeds from notes	4,500,000	3,000,000	3,500,000
Proceeds from disposal of assets	3,165	5,231	39,158
Transfers out	(988,478)	-	(374,261)
	<u>3,514,687</u>	<u>3,005,231</u>	<u>3,164,897</u>
Net changes in fund balances	2,863,161	4,126,542	(480,487)
<u>FUND BALANCES, BEGINNING</u>	<u>2,741,563</u>	<u>(1,384,979)</u>	<u>(904,492)</u>
<u>FUND BALANCES, ENDING</u>	<u>\$ 5,604,724</u>	<u>\$ 2,741,563</u>	<u>\$ (1,384,979)</u>

See accompanying Independent Auditors' Report.

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head Name: Marlin N. Gusman, Sheriff Orleans Parish

Purpose	Amount
Salary	\$ 163,943
Expense Allowance	16,394
Benefits-insurance ¹	9,327
Benefits-retirement ²	22,542
Benefits- cell phone ³	-
Car allowance	-
Vehicle provided by government (amounts reported on W-2 adjusted for various fiscal years) ⁴	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	50
Conference travel	513
Continuing professional education fees	-
Housing	-
Membership dues	300
Unvouchered expenses	-
Special meals	-

1 - Health Insurance paid in kind by the City of New Orleans,
 Life Insurance paid by Orleans Parish Sheriff's Office

2 - Sheriff's Pension and Relief

3 - No amount is reported on the W-2 since the Sheriff and other
 employees pay \$5.00 per month for departmental cell phone - IRS guidelines

4 - The Sheriff is provided with a vehicle. The Sheriff and other employees provided
 with a vehicle pay \$60.00 per month for departmental vehicle - IRS guidelines

See accompanying Independent Auditors' Report

SINGLE AUDIT SECTION

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Funding Agencies/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures
<u>U.S. Department of Homeland Security</u>			
<u>Pass-Through Awards:</u>			
Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants - Public Assistance	97.036	FEMA	\$ <u>2,382,781</u> (M)
Total U.S. Department of Homeland Security			<u>2,382,781</u>
<u>U.S. Department of Justice</u>			
<u>Pass-Through Awards:</u>			
Office of Justice Programs, Bureau of Justice Assistance Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Victims of Crime Act -Victims Assistance	16.575	2016-VA-09-4062	<u>1,102</u>
Total U.S. Department of Justice			<u>1,102</u>
Total Federal Awards			\$ <u><u>2,383,883</u></u>

(M) - Represents a "Major" program under the Uniform Guidance

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 the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

Note 2

During the year ended December 31, 2018 the Orleans Parish Sheriff's Office did not elect to use the 10% de minimus cost rate as covered in Section 200.414 of the Uniform Guidance.

Note 3

Federal revenues are included as state and federal grants in the Office's financial statements.

Note 4

Approximately \$2 million of the FEMA disaster grant expenditures were incurred in prior years.

See accompanying Independent Auditors' Report.

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, each major fund, and the aggregate remaining fund information of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2018, 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 24, 2019.

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 opinion 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 was 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.

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 24, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

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 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, 2018. The Office's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 its major federal program for the year ended December 31, 2018.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
June 24, 2019

ORLEANS PARISH SHERIFF'S OFFICE

Schedule of Findings and Questioned Costs

Year ended December 31, 2018

(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 were identified: no
- (c) Noncompliance which is material to the financial statements: none reported
- (d) Significant deficiencies in internal control over major program were identified: none reported; Material weaknesses were identified: no
- (e) The type of report issued on compliance for major program: unmodified opinion
- (f) Any audit findings which are required to be reported under 2 CFR Section 200.516(a): none reported
- (g) Major programs:
 - United States Department of Homeland Security
 - CFDA No. 97.036 Public Assistance – Disaster Grants
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- (i) Auditee qualified as a low-risk auditee: yes

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

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

ORLEANS PARISH SHERIFF'S OFFICE

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE
AND CONTROL AREAS

FOR THE YEAR ENDED DECEMBER 31, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Marlin N. Gusman and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Orleans Parish Sheriff's Office ("the Office") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Office's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 24, 2019

ORLEANS PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted.*" If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Office" is indicated.

Written Policies and Procedures

1. Obtain and inspect the Office's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Office has written policies for purchasing; however, the policy does not specifically address (2) how vendors are added to the vendor list.

c) ***Disbursements***, including processing, reviewing, and approving

The Office does not have written policies for disbursements.

d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Office does not have a written policy for contracting.

ORLEANS PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Office has written policies for credit cards; however, the policy does not specifically address (1) how cards are to be controlled, (3) documentation requirements, (4) required approvers for statements, and (5) monitoring card usage.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exceptions noted.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Office has written policies for ethics; however, the policy does not specifically address (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Office does not have a written policy for debt service.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Sheriff's Office. As such, this procedure is not applicable to the Sheriff's Office.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**ORLEANS PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018**

Schedule A

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Sheriff's Office. As such, this procedure is not applicable to the Sheriff's Office.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Sheriff's Office. As such, this procedure is not applicable to the Sheriff's Office.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 42 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2018, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 bank reconciliations obtained, 5 did not show evidence of being prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Of the 5 bank accounts selected, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

**ORLEANS PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018**

Schedule A

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 3 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all deposit sites and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 29 collection locations. We selected 1 collection location for each of the 3 deposit sites and performed the procedures below. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted. The employee responsible for collecting cash posts collection entries to the general ledger and reconciles ledger postings to each other and the deposit; however, another employee is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

**ORLEANS PARISH SHERIFF'S OFFICE
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6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Office stated that all employees who have access to cash are bonded and/or covered under the Office's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Of the 10 deposits selected for testing, 9 were not deposited within one business day.

- e) Trace the actual deposit per the bank statement to the general ledger.

Of the 10 deposits selected for testing, 2 were related to civil department litigant deposits and cannot be traced to the general ledger.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. The Office has two credit cards. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we selected all cards used in the fiscal period. We randomly selected one monthly statement for each of the 2 cards selected and performed the procedures noted below.

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- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

We observed documentation of the electronic approval of the two monthly statements selected for testing by someone other than the authorized card holder. No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

For the 2 credit cards tested, the monthly statement reported finance charges for the month selected.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We selected all (11) transactions reported on both statements selected in procedure #12 (excluding fuel cards) and performed the specified procedures. No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No exceptions noted

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**ORLEANS PARISH SHERIFF'S OFFICE
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
DECEMBER 31, 2018**

Schedule B

Orleans Parish Sheriff's Office (the Office) provided a response and corrective action plan for the exceptions noted in Schedule A as set forth below.

Written Policies and Procedures:

1b) Purchasing, 1c) Disbursements, 1f) Contracting, 1g) Credit Cards, 1i) Ethics, and 1j) Debt Service: *The Orleans Parish Sheriff's Office will continue to review and refine its policies and procedures over accounting and finance functions. The comments in the AUP report will be evaluated. Policies and procedures will be documented in writing when deemed appropriate and practicable. Louisiana Legislative Auditor's Best Practices will be utilized in our review.*

Bank Reconciliations:

3a) Prepared bank reconciliations: *The Orleans Parish Sheriff's Office accounting continues to be short staffed. All bank reconciliations are not always done within 2 months. The Office will strive to shorten the time for reconciliations.*

3c) Reconciling of outstanding items for more than 6 months: *The Orleans Parish Sheriff Office put as a priority in 2018 for outstanding lists not to grow and promptly investigate new checks being added. For several accounts old checks were reviewed and adjusted. In 2019, OPSO has a new staff member who will devote most of her time to researching old outstanding checks.*

Collections:

7d) Deposit of cash collections: *The Orleans Parish Sheriff's Office uses electronic deposit of checks and usually has these deposited within one day of collection. Due to limited staffing and the recounting and verification processes one day is not always feasible. The Sheriff's Office will remind and monitor the staff that is responsible that all checks should be deposited on a timely basis.*

The Orleans Parish Sheriff's Office does not have large amounts of cash but does have daily collections. This cash is counted and reconciled daily and put into a vault on site. The Orleans Parish Sheriff's Office is aware that this cash is not deposited daily and deems it more efficient and effective to deposit this cash less frequently on a random basis. The Orleans Parish Sheriff's Office will monitor this process to be sure that excessive cash is not held for long periods of time.

7e) Tracing deposit to the general ledger: *Historically the litigant account has only been adjusted at year end in the official general ledger. In the litigant system the specific individual collections are posted to the individual cases and to a cash control account. The posting to the control cash is done on a daily basis. The deposits are cleared in the bank reconciliation process. More frequent posting to the official general ledger is being considered.*

12b) Finance and late fees: *Due to limitations in staffing and since the review and approval of credit cards process has multiple steps, the review and payment of credit cards was not completed in time to prevent finance charges and late fees. The Orleans Parish Sheriff's Office will continue to review and modify the steps necessary for more timely processing.*