ANNUAL FINANCIAL REPORT

ORLEANS PARISH SHERIFF'S OFFICE

NEW ORLEANS, LOUISIANA

FOR THE YEAR ENDED

DECEMBER 31, 2014

P&N Postlethwaite & Netterville
A Professional Accounting Corporation
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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 and each major fund of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Orleans Parish Sheriff's Office as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The combining and comparative financial statements and the schedule of compensation, benefits and other payments to agency head on pages 60 through 63 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 on page 65 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and comparative financial statements, 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 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 hear 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 26, 2015, 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 26, 2015

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2014

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, 2014. This discussion and analysis focuses on the current year's ending balances, activities, and resulting changes in comparison with the prior year's information. Certain 2013 amounts have been reclassified to conform to the presentation of the 2014 financial statements. The Office's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

Government-Wide

The assets of the Office exceeded its liabilities at December 31, 2014 by $301.9 million (presented as "net position"). Restricted balances are comprised of the following: (1) net investment in capital assets, of $286.5 million, (2) restricted for future intergovernmental transfers of $17.7 million, (3) restricted for debt service of $10.4 million, and (4) restricted for capital improvements, net of related unexpended debt proceeds of $1.0 million. The Office has a deficit of $13.8 million in unrestricted net position on a government-wide basis.

The Office's net position at December 31, 2014 increased by $14 million, or a 4.9% increase over December 31, 2013. The increase in net position was primarily due to using FEMA grant revenues to invest in capital assets.

Fund Level

At December 31, 2014, the Office's governmental funds reported combined ending fund balances of $31.0 million, a decrease of $13.5 million from the prior year. The Debt Service Fund's fund balance increased by $2.5 million to a total fund balance of $10.4 million. The General Fund's fund balance decreased by $3.1 million to a fund balance deficit of $.8 million. The Capital Projects Fund's fund balance decreased by $12.9 million to a fund balance of $21.4 million.

The General Fund's unassigned fund balance decreased to a deficit of $1.1 million.

Capital Assets

The Office continues with reconstruction following Katrina's devastation and invested $30.7 million in capital additions primarily funded through FEMA funds and general obligation bonds. Depreciation increased due to the opening of the kitchen warehouse at the end of 2013.

Debt Administration

Total bonds and certificates on indebtedness amounted to $41.8 million, a decrease of $4.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT WIDE FINANCIAL STATEMENTS

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

The first of these government-wide statements is the Statement of Net Position. This statement of position presents information that includes all of the Office's assets and liabilities and deferred inflows and out flows, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Office as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the Office's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. The primary purpose of these governmental activities is the custody of inmates and the serving of citations, summonses, subpoenas, notices and other processes for Civil and Criminal District Courts, the Courts of Appeals and the Supreme Court. The government-wide financial statements are presented on pages 20 and 21, Exhibits "A" and "B" of this report.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Office's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and debt service fund. These schedules demonstrate compliance with the Office's adopted original and final revised budgets. Required supplemental information can be found on pages 57 and 58, Schedules "A-1", and "A-2" of this report. This report also includes as other supplementary information for combining statements and statements with comparative data to prior years on pages 59 - 62. Act 706 of the 2014 Louisiana Legislative Session amended R.S. 24:513A and added the sate required disclosure of compensation, reimbursements, benefits and other payments to the Agency Head. This Schedule "D-1" can be found on page 64. A single audit section, which includes a Schedule of Expenditures of Federal Awards, begins on page 65.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Primary Government Totals	
	Governmental Activities	
	2014	2013
Assets:		
Current and other	$ 55,000,031	$ 74,341,102
Capital	321,190,387	294,944,947
Total assets	376,190,418	369,286,049
Liabilities:		
Current	33,059,764	36,932,496
Long-term	41,241,156	44,467,687
Total liabilities	74,300,920	81,400,183
Net Position:		
Investment in capital assets, net of debt	286,592,886	263,946,190
Restricted for:		
Debt service	10,403,598	7,864,176
Capital improvements	1,019,387	1,018,625
Intergovernemtnal transfers	17,656,425	22,524,950
Unrestricted	(13,782,798)	(7,468,075)
Total net position	$ 301,889,498	$ 287,885,866

As noted above the net position of the Office increased by 4.9% ($301.9 million compared to $287.9 million).

There were several significant changes in net position. Net investment in capital assets increased from $263.9 million in 2013 to $286.6 million in 2014. This increase is primarily attributable to FEMA reimbursements for capital assets acquired in current and prior years. Amounts restricted for debt service increased $2.5 million since taxes collected for debt service exceeded the 2014 debt service requirements. The deficit in unrestricted net position increased from a $7.5 million deficit to a $13.8 million deficit. This increase in unrestricted net position deficit is attributable to operating expenses exceeding operational revenues. Unrestricted net position (deficits) are the part of the Office's net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Approximately 94.9% of the Office's net position represents its net investment in capital assets (e.g. land, buildings and improvements, maintenance equipment, office furniture and equipment, vehicles, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The Office uses these capital assets to provide services to citizens and inmates; consequently, these assets are not available for future spending. Although the Office's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets has increased by $22.6 million as the Office continues the replacement of capital assets damaged by Katrina.

The restricted net position includes $10.4 million set aside to liquidate debt. The amount set aside to liquidate debt increased by $2.5 million. There is approximately $48.6 million of principal and interest payments due on general obligation bonds over their remaining lives.

Funds held for intergovernmental transfers (funds for other governmental agencies for their capital improvements) decreased 21.6% ($4.9 million) to $17.7 million. The Office cannot use these funds as they are restricted for other governmental agencies capital improvements. The restricted intergovernmental transfers were reduced by expenditures made by other criminal justice agencies.

Current and other assets decreased $19.3 million as cash and investments were spent on operations, capital improvements, retirement of debt and other governmental agencies capital improvements. Inventory was reduced during the year since food services and medical were both outsourced and the third party vendor is responsible for providing the related inventory type items.

Capital assets increased $26.2 million as the rebuilding of the campus continues following the devastation of Katrina. This consists of $30.7 million of capital additions net of depreciation of $4.5 million.

Current liabilities have decreased $3.9 million primarily for reductions in the amount of payments due on construction contracts. The construction related liabilities are being paid timely and in accordance with the contract terms.

Long term liabilities decreased by $3.2 million in 2014. The Office made regularly scheduled principal payments on outstanding debt of $4.5 million. Accrued sick and annual leave and other post employment benefits increased $.4 million. Claims and judgments increased by $.9 million.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

	Statement of Activities			
	Governmental Activities		Change	
	2014	2013	$	%
Revenues				
Program:				
Charges for custody of imates services	$ 47,729,236	$ 37,198,463	$ 10,530,773	28.31%
Charges for civil division services	6,279,026	7,750,056	(1,471,030)	-18.98%
Operating grants	3,984,850	9,227,679	(5,242,829)	-56.82%
Captital grants	21,522,677	70,685,184	(49,162,507)	-69.55%
General:				
Ad-valorem taxes	8,386,587	8,126,802	259,785	3.20%
Other	720,937	1,238,471	(517,534)	-41.79%
Total revenues	88,623,313	134,226,655	(45,603,342)	-33.97%
Expenses				
Program:				
Custody of prisoners	62,984,818	55,508,597	7,476,221	13.47%
Civil division	5,338,928	5,361,901	(22,973)	-0.43%
Interest	1,429,204	1,548,696	(119,492)	-7.72%
General:				
Transfers to other governmental agencies	4,866,751	3,104,253	1,762,498	56.78%
Total expenses	74,619,701	65,523,447	9,096,254	13.88%
Net increase	14,003,612	68,703,208	(54,699,596)	-79.62%
Net position - beginning	287,885,866	219,182,658	68,703,208	31.35%
Net position - ending	$ 301,889,478	$ 287,885,866	$ 14,003,612	4.86%

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Charges for custody of inmate services increased 28.3% from 2013 to 2014 attributable primarily to the increased funding from the City of New Orleans. In 2014, 2013 and 2012 the average number of inmates per day decreased 10.2%, 12% and 11.6% respectively. In 2014, 2013 and 2012 the length of stay increased by 3% decreased by 9% and 6.7% respectively. The Civil Division generated fees of approximately $9.0 million in 2011, $7.9 million in 2012 and $7.8 million in 2013 and $6.3 million in 2014. This decline in fees is primarily attributable to fewer tax sales.

Operating grants decreased from $9.2 million in 2013 to $4.0 million in 2014 primarily due to housing grants from the State of Louisiana of $4.5 million for the period July 1, 2012 to June 30, 2014 being recognized in the 2013 statement of activities and none being recognized in the 2014 statement of activities. Other state grants and FEMA grants attributable to operations also declined in 2014. Capital grants from FEMA declined due to the completion of the kitchen warehouse in 2013. Capital grants decreased $49.2 million from $70.7 million in 2013 to $21.5 million in 2014.

Ad valorem tax collections were up 3.2%. Other income was down 41.8 % primarily due to liquidated damages of $.6 million being recognized in 2013 and none in 2014.

Expenses of the Office increased 13.9% in 2014

The $7.5 million increase in costs for the custody of prisoners is primarily in the personnel area ($5 million increase) as consent decree measures increased the pay for inmate housing deputies (effective November 2013) and as additional positions to meet compliance were created and or filled in late 2013 and 2014. Positions to meet consent decree compliance include a jail administrator, a compliance officer, 3 internal affairs personnel, 2 human resource personnel, 15 classification personnel, 2 grievance and security deputies. During 2014 there was a net increase of 54 employees. Approximately 60 medical personnel were terminated in November 2014 when the medical services were outsourced. Contractual expenditures increased ($3 million) primarily due to approximately $2.6 million for a medical services contract starting November 2014 and increased electrical and insurance costs. Supplies decreased ($1.1 million) due to savings on the outsourced food services and continued cost savings measures for office supplies. Depreciation expense increased ($.6 million) since the kitchen warehouse started operations in late 2013.

Civil Division expenses and interest expense had no major changes.

Transfers to other government agencies increased primarily for Orleans Parish Juvenile Court capital outlay expenditures financed by District general obligation bonds.

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS

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

Governmental Funds

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

As of December 31, 2014, the Office's governmental funds reported combined ending fund balances of $31.0 million. This is a decrease of $13.5 million or approximately a 30.42% decrease from the prior year. There is $1.1 deficit in unassigned fund balances. The remainder of the fund balance is nonspendable or restricted and is not available for new spending. There is $.1 million of nonspendable funds for prepaid expenses and inventory. The restricted fund balance is restricted for the following: 1) liquidate open purchase orders ($.1 million), 2) monies for future capital projects for the Office ($2.7 million) and for other criminal justice agencies ($17.7 million), and 3) monies collected to fund debt ($10.4 million).

Major Governmental Funds

The General Fund is the Office's primary operating fund. The General Fund's fund balance decreased by $3.1 million in 2014 for an ending deficit fund balance of $.8 million.

ORLEANS PARISH SHERIFF'S OFFICE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

The following schedule shows General Fund Revenues and Expenditures:

	General Fund			
	2014	2013	$ change	% change
REVENUES:				
Custody of inmates:				
City of New Orleans charges	$ 32,746,311	$ 20,757,949	$ 11,988,362	58%
State of Louisiana DOC charges	5,605,517	6,651,537	(1,046,020)	-16%
Other charges	686,932	925,962	(239,030)	-26%
Civil fees and commissions	4,538,580	6,025,168	(1,486,588)	-25%
Civil security services	1,740,446	1,724,888	15,558	1%
Investment income (loss)	3,740	4,540	(800)	-18%
On-behalf payments	5,332,883	5,421,963	(89,080)	-2%
Inmate Telephone	1,461,564	1,644,575	(183,011)	-11%
Release processing fees	500,909	506,901	(5,992)	-1%
State supplemental pay	2,705,877	2,709,219	(3,342)	0%
Federal and state grants	24,975,495	75,720,654	(50,745,159)	-67%
Restitution/administration	684,136	580,850	103,286	18%
Commisary	710,984	708,726	2,258	0%
Other income	673,300	1,333,962	(660,662)	-50%
Total revenues	82,366,674	124,716,894	(42,350,220)	-34%
EXPENDITURES:				
Central services	6,934,832	5,590,727	1,344,105	24%
Court services	2,743,826	3,047,995	(304,169)	-10%
Security services	17,169,013	14,733,614	2,435,399	17%
Investigative services	2,266,754	1,878,831	387,923	21%
Administrative services	4,758,506	3,908,985	849,521	22%
Records and booking	3,343,298	3,618,570	(275,272)	-8%
Inmate services	13,181,904	10,824,308	2,357,596	22%
Grants and special programs	1,445,781	1,312,899	132,882	10%
Plant and maintenance	5,222,179	5,205,016	17,163	0%
Debt retirement	4,800,000	4,900,000	(100,000)	-2%
Interest payments	157,116	60,401	96,715	160%
Civil administrative services	3,204,658	3,239,352	(34,694)	-1%
Civil security services	2,134,270	2,122,549	11,721	1%
Capital outlays	18,609,534	68,053,955	(49,444,421)	-73%
Total expenditures	85,971,671	128,497,202	(42,525,531)	-33%
Deficiency of revenues over expenditures	$ (3,604,997)	$ (3,780,308)	$ 175,311	-5%

FINANCIAL ANALYSIS OF THE OFFICE'S FUNDS (continued)

Revenues for the General Fund decreased by 34% ($42.4 million decrease). Federal and state grants decreased $50.7 million. In 2013 there were two major construction projects being reimbursed by FEMA. The kitchen warehouse was completed in late 2013 so only the inmate housing, intake and processing center and administrative building remained for FEMA reimbursements. In 2014 there was a $12.0 million increase in City of New Orleans payments for the custody of inmates as consent decree compliance increased the costs of operations. The Louisiana Department of Corrections revenues decreased as the number of state inmates continued to decline. Civil fees and commissions declined 25% ($1.5 million) primarily as a result of fewer tax sales.

Operating expenses for the General Fund, excluding capital outlay, debt retirement and interest increased from $55.5 million to $62.4 million a 12.5% increase ($6.9 million). The primary increase was in salaries and related benefits from the November 2013 pay increase for housing unit security and additional positions filled and added in 2014. Central Services had increased costs for monitors, consulting expenses related to the consent decree, inmates housed outside the parish and insurance. Security service expense increases are primarily for personnel expenses. Administrative services increases are for new personnel assigned to administrative services while in training and for moving the computer room to the new building and purchases of technical services equipment below the capitalization level for the new building. Inmate services increases are primarily due to the outsourced medical contract effective November 1, 2014.

The General Fund had a deficiency of revenues over expenditures of $3.6 million. Expenditures include the $4.8 debt retirement. This deficiency of $3.6 million was offset by a renewal of $4.5 million of certificates of indebtedness. $4.1 million of FEMA revenues were reimbursements of expenditures paid in prior years by the capital projects fund and therefore these monies were reimbursed/transferred to the capital projects fund. The net change in fund balance was a $3.1 million decrease which resulted in a $.8 million deficit in fund balance.

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

The Capital Projects Fund's fund balance decreased by $12.9 million. Expenditures were made of $12.1 million for Office projects that were not funded by FEMA. $4.9 million was expended for other criminal justice agencies. As noted above $4.1 was reimbursed by the General Fund to the Capital Projects Fund from FEMA revenues for prior year expenditures by the Capital Projects Fund.

The Debt Service Fund's fund balance increased by $2.5 million. Ad valorem taxes of $8.4 million were collected. $5.8 million was expended to pay fees and interest and to retire debt.

BUDGETARY HIGHLIGHTS

The General Fund

Historically, the number of inmates housed at the detention facilities was the primary factor which impacted the gross revenue available to provide incarceration services to inmates of the City of New Orleans (City), and the Louisiana Department of Public Safety and Corrections (DOC). The number of inmates held at the detention facilities at any given time is affected by the number of arrests made by law enforcement authorities and the length of stay which is affected by sentences imposed by the courts or the ability to make bond. Since Katrina, another major limiting factor is the number of beds available. The number of beds is not the number of inmates that can be housed since the classification of the inmate may restrict the type of bed that can be used. The per diem paid to the Office to house these prisoners varies by type of inmate; whether, it is a City inmate, sentenced or unsentenced, or a DOC inmate. The per diem methodology for the City was based on a 1981 federal consent judgment. The per diem rate for DOC inmates is based on state statutes. For 2014 the City Council adopted a budget based on estimated number of inmates and estimated costs from City consultants. The budget adoption was not based on estimates provided by the Office to the City. After the Council approved the 2014 allocation, the Office adopted a budget based upon the allocation provided by the City and estimates based on prior year experience for other revenues. The 2014 budget is based on the dollar amount of the City allocation, 450 DOC regular inmates and 100 DOC work release inmates and 65 out of Parish inmates through the first quarter. Due to the increases in personnel and other expenses required by the Consent Decree these budgeted revenues were insufficient and the City increased their allocations during 2014. The final budget increased $7.2 million over the original budget and actual payments were an additional $1.6 million ($8.8 more received than original budget).

Criminal and Civil fees are dictated by the court systems and decisions made by the assigned judges. Budgets are projected based upon past year trends and the actual results will fluctuate. The Civil Division fees increased significantly following Katrina however these revenues leveled off in 2011. Civil Division revenues were budgeted to be stable in 2014. Actual revenues for 2014 have been much lower than 2013 ($1.5 million lower). The budgeted Civil Division administrative and security revenues were expected to exceed their expenses by approximately $2.5 million but due to lower revenues and slightly higher expenses this excess is only $1 million. The amended budget was adjusted for some of these changes but revenues were still under budget by $.6 million.

Other income was based on prior years' revenues but telephone revenue, liquidated damages and other revenues were not realized.

The initial 2014 budget expected Federal and state grants of $23.3 million. FEMA, the primary grant, revenues are on a reimbursement basis. The amended budget increased Federal and state grant revenues to $24.2 million and actual federal and state grants were $25 million. The budget increase was the result of FEMA obligations in late 2014. Since some of the FEMA revenues were for prior year expenditures the budget was amended to show a $3.6 million transfer to capital projects. The actual transfer was for $4.1 million.

BUDGETARY HIGHLIGHTS (continued)

The General Fund (continued)

The largest operational cost for the Office is personnel. At the end of 2013 the City provided additional funding for certain specified positions. At that time the agreed upon salary increases were made and the furlough was lifted. The previous base salary for new security hires was $9.69 per hour but this was increased to $11.91 per hour and after six months it increased to $12.36 per hour. These increases are included in the 2014 budget. However the 2014 budget as adopted did not include all the expenses that were needed to comply with the Consent Decree. By state law the Office adopted a balanced budget and therefore expenses had to be limited to the revenues that were expected including the City Allocation. During the year the budget was amended to increase operating expenses excluding the Civil Division, capital outlays and debt service by $10 million from a budgeted amount of $48.6 million to a budgeted $58.6 million. Actual expenses excluding Civil Division, capital outlays and debt service was $57.1 million. During 2014 a new investigative services division was formed. The budget was amended to add these costs after the formation of the division. The actual costs for the division, in the financial statements, also include the expenses of the special operations division prior to the formation of the investigative services division. These expense increases were primarily for personnel but also included increases for medical services, due to the new outsourcing contract and utilities since the new kitchen warehouse utilities are paid by OPSO but the closed house of detention was paid by the City.

The Debt Service Fund

The 2014 budget was also amended to reflect an increase in ad valorem tax revenues from $7.8 million to $8.4 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Office's investment in capital assets, net of accumulated depreciation, as of December 31, 2014, is $321.2 million. Additions to capital assets, funded through FEMA and General Obligation bonds were $30.7 million for 2014. Reductions to capital assets were $4.5 million of depreciation.

Under the Office's capitalization policy, assets with a cost of $5,000 or more are capitalized for purposes of financial reporting. All assets with a cost of $100 or more are inventoried and tracked.

The Office continued construction of the Inmate Housing, Intake and Processing Center, and Administrative Building Complex. At December 31, 2014 the complex was approximately 88% complete. The Office expects to move into the complex in the third quarter of 2015. There have been delays by the contractor in completing the complex security electronics which are needed to complete the training for the new buildings.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The following table provides a comparative summary of capital assets:

	2014	2013	Percent change
Land	$ 6,052,681	$ 6,052,681	0.00%
Construction in progress	175,029,585	146,307,926	19.63%
Depreciable assets:			
Building and improvements	163,602,047	162,021,530	0.98%
Operating equipment	2,583,938	2,572,438	0.45%
Furniture and equipment	2,631,112	2,885,861	-8.83%
Vehicles	7,104,151	7,252,137	-2.04%
Total depreciable assets	175,921,248	174,731,966	0.68%
Less accumulated depreciation	35,813,127	32,147,626	11.40%
Depreciable assets, net	140,108,121	142,584,340	-1.74%
Total assets	$ 321,190,387	$ 294,944,947	8.90%

Long-term Obligations

At the end of the fiscal year, the Office had approximately $50.4 million in long-term obligations as shown in the table below:

	2014	2013	Percentage change
General Obligation bonds	$ 37,325,000	$ 41,800,000	-10.71%
Taxable Certificates of Indebtedness	4,500,000	4,800,000	-6.25%
Claims and judgments	4,129,341	3,173,000	30.14%
Accrued annual and sick leave	2,078,061	2,141,206	-2.95%
Other post employment benefits	2,323,658	1,827,702	27.14%
Other	779	2,132	-63.46%
Total long-term obligations	$ 50,356,839	$ 53,744,040	-6.30%

In 2014 the long-term obligations of the Office decreased by $3.3 million. The Office made regularly scheduled repayments of $4.5 million on general obligation bonds. Taxable Certificates of Indebtedness were reduced by a payment from the General Fund of $.3 million Claims and judgments, an estimate of future claim payments, increased 30%. Other post employment benefits, primarily for hospitalization for the pre merger Civil Division employees, increased 27%.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-term Obligations (continued)

Voters approved General Obligation bonds of $63.2 million on October 4, 2008. The cumulative issuances on these bonds at December 31, 2014 are $55.0 million. In January 2015 the remaining $8.2 million of bonds were issued. The Office's General Obligation bonds approved in October 2008 have an "A" rating by the national rating agency, Standard & Poor's.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The Division of Business and Economic Research, College of Business Administration, University of New Orleans, "Metropolitan Report-March 2015" covers the economic activity in the New Orleans metropolitan statistical area (MSA) which includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist and St. Tammany parishes. Highlights of the report indicate that: "The New Orleans MSA economy added about 8,940 jobs (2%) over 2013. Most noticeable employment gains in terms of number of jobs added were in *Leisure and hospitality* (3,350 jobs or 4%), *Health Care and Social Assistance* (2,280 jobs or 5%) and *Professional and Business Services* (1,840 jobs or 3%). Employment growth in the New Orleans area is likely to continue over the next two years. By the end of 2016, the local area is projected to support over 576,000 jobs. Unemployment in the New Orleans area seemed to be improving until the first half of 2014 when it reached a low of 4.6%. For the first time since Katrina, unemployment in the local area exceeded the national figure. As of December 2014 the national rate was standing at 5.7% and the New Orleans MSA rate was 6.2%."

New Orleans Uniform Crime Reporting comparison between 2014 and 2013 showed a 15.22% increase in crimes reported. Murder was the only category with a decrease and burglary was the only single digit increase. All other categories had double digit increases including a 38.64% increase in rape and a 37.37% increase in armed robbery.

Operating Revenues

The Office prepared a preliminary 2015 budget for the City of New Orleans in July 2014. The City did not adopt this budget but provided for $28.2 million of budget appropriations. This was basically the same amount as 2014 plus an additional $4.4 for medical. In November when the Office adopted their 2015 budget they based it upon the increases in personnel that were necessary to meet consent decree requirements (an additional $13.3 million), the continued pay raises that were made in November 2013 as well as increasing non housing deputies and staff to similar rates. The 2015 budget also includes the outsourced medical contract of approximately $1.2 million per month. During the year in both 2013 and 2014 the City increased their allocations to meet consent decree needs identified by the Office and the Courts. The Office's 2015 budget therefore budgeted for $35.4 additional revenues from the City of New Orleans to meet the Office's aggressive plan to meet consent decree compliance. In June 2015 the Council approved an additional $7.1 million above the initial budget allocations.

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

Operating Revenues (continued)

Civil revenues were budgeted to have small decreases from the expected 2014 revenues. However since the actual 2014 revenues were less than expected, it is unlikely that the Civil Division revenues will meet the 2015 budget expectation.

The Courts have requested a 2015 budget to be prepared by an independent third party however at this time that budget had not been completed.

Operating Expenditures

As indicated above the 2015 budget was budgeted to include all the expenses expected to be incurred in order to have the Office meet the conditions of the consent decree. Salary increases from November 2013 for housing deputies will continue and other deputies and staff are expected to have comparable increases (not yet implemented). 2015 expenses include an additional $13.3 million of personnel expenses that were not present in 2014. The 2015 budget expected 200 additional hires with 50 per quarter. As of May 31 2015 there is a net increase of 56 security personnel. The 2015 budget includes the outsourced medical services agreement of $1.2 million per month. The budget for 2015 expected the opening of the new inmate housing, intake and processing center and administrative building during the first quarter however this has been pushed back to the third quarter since the complex electronic security system has not been completed. The 2015 budget has increased insurance and electrical costs for the opening of the new building. Based on current expectations the personnel expenses and building related expenses will be less than those budgeted.

Non Operating Revenues and Expenditures

In post Katrina there are significant other revenues and expenses which impact the Office. State and federal grants related to the disaster had a significant impact on 2005 and forward. FEMA total grants are expected to increase to over $330 million (current obligated funds exceed $318 million). Cumulative recognized FEMA accrual revenues are over $310 million through the end of 2014. The additional FEMA revenues will be recognized as FEMA obligates the funds and as buildings and other reimbursable assets are repaired or replaced. Capital project revenues budgeted at $21.4 million for 2015 may not be realized in 2015 since some of this was recognized in 2014 and some of the project worksheet versions that are necessary to request reimbursement in 2015 have not been obligated at this time.

Significant Factors

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.

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

Significant Factors (continued)

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

Though much progress has been made since Hurricane Katrina, a substantial amount of work is still to be done. In order for the Office to successfully operate in post-Katrina New Orleans and to meet the needs of the criminal justice system, the following critical issues need to be addressed: (1) complete replacement of sufficient detention facilities that meet American Correctional Association standards (2) complete the building of a modern booking facility that can effectively process intake and release volume; (3) recruit and retain qualified personnel; (4) provide equipment for employees so they can complete their missions in a safe and effective manner; and (5) provide safe and efficient facilities for the care, custody and control of inmates.

In May 2015 the voters of the Orleans Parish Law Enforcement District (a blended component of the Office financial statements) 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, 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.

CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities
ASSETS:	
Cash and cash equivalents	$ 22,300,133
Investments including accrued interest	19,005,140
Intergovernmental receivables	12,351,152
Interfund receivables	58,277
Other receivables	1,147,451
Prepaid expenses	15,751
Inventories	122,127
Capital assets, net of accumulated depreciation	321,190,387
Total assets	376,190,418
LIABILITIES:	
Accounts payable	22,337,917
Advances from other governmental agencies	1,155,905
Accrued interest	434,585
Interfund payables	15,674
Long-term liabilities:	
Due within one year	9,115,683
Due after one year	41,241,156
Total liabilities	74,300,920
NET POSITION (DEFICITS):	
Net investment in capital assets	286,592,886
Restricted net position:	
Debt service	10,403,598
Capital improvements, net of related debt	1,019,387
Intergovernmental transfers	17,656,425
Unrestricted net position	(13,782,798)
Total net position	$ 301,889,498

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Custody of inmates	$ 62,984,818	$ 47,729,236	$ 3,984,850	$ 21,522,677	$ 10,251,945
Civil division	5,338,928	6,279,026	-	-	940,098
Interest on long-term debt	1,429,204	-	-	-	(1,429,204)
Total governmental activities	69,752,950	54,008,262	3,984,850	21,522,677	9,762,839
			General revenues:		
			Ad valorem taxes, levied for debt service		8,386,587
			Investment income		14,261
			Gain on sale of capital assets		33,396
			Other income		673,300
			Transfers to other governmental agencies		(4,866,751)
			Total general revenues and transfers		4,240,793
			Change in net position		14,003,632
			Net position - beginning		287,885,866
			Net position - ending		$ 301,889,498

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	Capital Projects	Debt Service	Total Governmental
ASSETS:				
Cash and cash equivalents	$ 11,786,021	$ 8,275,056	$ 2,239,056	$ 22,300,133
Investments plus accrued interest	-	13,012,134	5,993,006	19,005,140
Intergovernmental receivables	12,351,152	-	-	12,351,152
Interfund receivables	58,277	116,121	2,158,239	2,332,637
Other receivables	1,134,154	-	13,297	1,147,451
Prepaid expenses	15,751	-	-	15,751
Inventory	122,127	-	-	122,127
Total assets	$ 25,467,482	$ 21,403,311	$ 10,403,598	$ 57,274,391
LIABILITIES:				
Accounts payable	$ 22,337,917	$ -	$ -	$ 22,337,917
Interfund payables	2,290,034	-	-	2,290,034
Advances from other governmental agencies	1,155,905	-	-	1,155,905
Total liabilities	25,783,856	-	-	25,783,856
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	518,298	-	-	518,298
Total deferred inflows of resources	518,298	-	-	518,298
FUND BALANCES:				
Nonspendable amounts:				
Not in spendable form	137,878	-	-	137,878
Restricted	77,469	21,403,311	10,403,598	31,884,378
Unassigned	(1,050,019)	-	-	(1,050,019)
Total fund balance (deficit)	(834,672)	21,403,311	10,403,598	30,972,237
Total liabilities and fund balances	$ 25,467,482	$ 21,403,311	$ 10,403,598	$ 57,274,391

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total fund balances for governmental funds at December 31, 2014	$	30,972,237
Total net position reported for governmental activities in the statement of net position is different because:		
Capital asssets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land		6,052,681
Construction in progress		175,029,585
Buildings and improvements, net of $24,668,504 accumulated depreciation		138,933,543
Operating equipment, net of $2,199,038 accumulated depreciation		384,900
Office furniture and equipment, net of $2,591,649 accumulated depreciation		39,463
Vehicles, net of $6,353,936 accumulated depreciation		750,215
		321,190,387
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.		518,298
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		(434,585)
Bonds and notes payable		(41,825,000)
Bond premium, net of accumulated amortization		(779)
Other post employment benefits accrual		(2,323,658)
Claims and judgements		(4,129,341)
Accrued annual and sick leave		(2,078,061)
		(50,791,424)
Total net position of governmental activities at December 31, 2014	$	301,889,498

The accompanying notes are an integral part of this statement.

Exhibit "E"

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Projects	Debt Service	Total Governmental
REVENUES:				
Custody of inmates:				
City of New Orleans charges	$ 32,746,311	$ -	$ -	$ 32,746,311
State of Louisiana Department of Corrections charges	5,605,517	-	-	5,605,517
Other parishes	686,932	-	-	686,932
Civil fees and commissions	4,538,580	-	-	4,538,580
Civil security services	1,740,446	-	-	1,740,446
Investment income (loss)	3,740	(897)	11,418	14,261
On-behalf payments	5,332,883	-	-	5,332,883
Inmate telephone	1,461,564			1,461,564
State supplemental pay	2,705,877	-	-	2,705,877
Federal and state grants	24,975,495	-	-	24,975,495
Restitution/administration	684,136	-	-	684,136
Release processing fees	500,909	-	-	500,909
Commissary	710,984	-	-	710,984
Other income	673,300	-	-	673,300
Ad valorem tax revenue	-	-	8,386,587	8,386,587
Total revenues	82,366,674	(897)	8,398,005	90,763,782
EXPENDITURES:				
Central services	6,934,832	-	-	6,934,832
Court services	2,743,826	-	-	2,743,826
Security services	17,169,013	-	-	17,169,013
Investigative services	2,266,754	-	-	2,266,754
Administrative services	4,758,506	-	-	4,758,506
Records and booking	3,343,298	-	-	3,343,298
Inmate services	13,181,904	-	-	13,181,904
Grants and special programs	1,445,781	-	-	1,445,781
Plant and maintenance	5,222,179	-	-	5,222,179
Miscellaneous	-	114	26,405	26,519
Debt retirement	4,800,000	-	4,475,000	9,275,000
Interest payments	157,116	-	1,357,178	1,514,294
Civil administrative services	3,204,658	-	-	3,204,658
Civil security services	2,134,270	-	-	2,134,270
Capital outlays	18,609,534	12,138,960	-	30,748,494
Total expenditures	85,971,671	12,139,074	5,858,583	103,969,328
Excess (Deficiency) of revenues over expenditures	(3,604,997)	(12,139,971)	2,539,422	(13,205,546)

The accompanying notes are an integral part of this statement.

Exhibit "E" (continued)

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Projects	Debt Service	Total Governmental
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:				
Proceeds from note issuance	4,500,000	-	-	4,500,000
Proceeds from sale of assets	33,396	-	-	33,396
Transfers in	-	4,065,215	-	4,065,215
Transfers out	(4,065,215)	-	-	(4,065,215)
Transfers to other governmental agencies	-	(4,866,751)	-	(4,866,751)
Total other financing sources (uses), including transfers	468,181	(801,536)	-	(333,355)
Net changes in fund balances	(3,136,816)	(12,941,507)	2,539,422	(13,538,901)
FUND BALANCES, BEGINNING	2,302,144	34,344,818	7,864,176	44,511,138
FUND BALANCES, ENDING	$ (834,672)	$ 21,403,311	$ 10,403,598	$ 30,972,237

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Total net changes in fund balances for the year ended December 31, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances	$ (13,538,901)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $30,748,494 exceeded depreciation expense of $4,503,054.	26,245,440
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.	9,275,000
Change in revenue accruals - Under modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so certain revenues not available for spending are recognized in the current year.	(2,173,845)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when paid. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
Amortization of bond premium	1,353
Accrued interest on bonds	83,737
Accrued other post employment benefits	(495,956)
Accrued claims and judgments	(956,341)
Accrued annual and sick leave	63,145
	(1,304,062)
Total change in net position for the year ended December 31, 2014 per Statement of Activities	$ 14,003,632

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Pension Trust	Agency Funds
ASSETS:		
Cash and cash equivalents	$ -	$ 4,129,137
Interfund receivables	-	15,674
Other receivables	10,136	20,603
Deposits	-	40,000
Investments and interest receivable	2,520,812	-
Total assets	2,530,948	4,205,414
LIABILITIES:		
Due to inmates and others	-	4,147,137
Advance payment on contributions	15,751	-
Interfund payables	-	58,277
Total liabilities	15,751	4,205,414
NET POSITION:		
Net assets held in trust for pension benefits	2,515,197	-
Total net Position	$ 2,530,948	$ -

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SHERIFF'S OFFICE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Pension Trust
ADDITIONS:	
Employer contributions	$ 81,087
Employee contributions	81,120
Total contributions	162,207
Investment income	28,752
Total investment income	28,752
Total additions	190,959
DEDUCTIONS:	
Trustee fees	23,377
Benefits paid to participants	528,955
Total deductions	552,332
Change in net position	(361,373)
NET POSITION, BEGINNING	2,876,570
NET POSITION, ENDING	$ 2,515,197

The accompanying notes are an integral part of this statement.

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

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

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

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

Reporting Entity

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

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

Reporting Entity (continued)

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

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

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

In the government-wide Statement of Net Position (Exhibit A), the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Office's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Office first utilizes restricted resources to finance qualifying activities.

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

The Office does not allocate indirect costs.

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

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

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

Basic Financial Statements – Fund Financial Statements (FFS)

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

The 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 by 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:

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Office programs. The reporting focus is on net position and changes in net position.

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

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

Fiduciary Funds (continued):

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

Pension Trust Fund

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

Agency Funds

The agency funds account for assets held by the Office as an agent for 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 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.

(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 were not collected within 60 days of year end, and cash advances on reimbursement grants.

The District's debt service fund receives ad valorem/property taxes that have been levied on real 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.

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

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

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

Other Financing Sources (Uses)

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

Deferred Outflows/Inflows of Resources

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

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

Deferred Outflows/Inflows of Resources (continued)

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

Budgets

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

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

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

Short-Term Interfund Receivables/Payables

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

Inventories

Inventory in the General Fund consists primarily of maintenance and office supplies and uniforms (previous years included medical and food items held for consumption) and are carried at weighted average cost. The weighted average cost is recorded as an expenditure at the time of consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014 are recorded as prepaid items in both government-wide and fund financial statements.

(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:

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

Accrued Annual and Sick Leave

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

Annual leave is accumulated until the employee retires, resigns, or is terminated. Effective January 1, 2008, the maximum amount of annual leave that can be carried forward is 360 hours. Employees with more than 360 hours at January 1, 2008 can carry that amount forward, but cannot increase the amount carried forward. Sick pay accumulation is unlimited. If an employee retires, resigns or is terminated then annual leave is paid at current salary rates and sick pay in excess of 500 hours can be paid for at 20% of actual accumulated hours at current salary rates.

Long-Term Debt and Bond Discounts/Premiums

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

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

Restricted Net Position – Government-Wide and Fiduciary Fund Financial Statements

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

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

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

1. 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.

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

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

Fund Balance

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

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

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

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

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

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

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

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. 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.

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

Receivables

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2014, the Office has cash and cash equivalents (book balances) as follows:

Non-interest bearing demand deposits	$	16,705,034
Interest-bearing demand deposits		9,703,015
Cash on hand		21,221
Total	$	26,429,270

Reconciliation to Government-Wide Statement of Net Position:		
Per Government-Wide Statement of Net Position:		
Cash and cash equivalents	$	22,300,133
Fiduciary Funds (not included in Government-Wide Financial Statements):		
Agency Funds		4,129,137
Total	$	26,429,270

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2014, the carrying amount of the Office's demand deposits and certificates of deposit were $26,408,049 and the bank balances were $30,560,922. The bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Office's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Office that the fiscal agent has failed to pay deposited funds upon demand.

(3) INVESTMENTS

As of December 31, 2014, the Office's investment balances were as follows:

U.S. Treasury Obligations	$	1,367,888
Federal Agency Obligations		19,887,108
Money Market Funds		245,375
Interest Receivable		25,581
Total	$	21,525,952

Reconciliation to Government-Wide Statement of Net Position:

Investments including accrued interest	$	19,005,140
Per Government-Wide Statement of Net Position Fiduciary Funds (not included in Government-Wide Financial Statements):		
Pension Trust, including interest receivable		2,520,812
	$	21,525,952

Interest Rate Risk

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

As of December 31, 2014, the Office had the following investment types and maturities for investments subject to interest rate risk:

		Remaining Maturity (in Years)	
	Fair Value	Less Than One	1 – 5
U.S. Treasury Obligations	$ 1,367,888	$ 99,810	$ 1,268,078
Federal Agency Obligations	19,887,108	3,602,266	16,284,842
	$ 21,254,996	$ 3,702,076	$ 17,552,920

Credit Risk

As of December 31, 2014, the Office's investments in Federal Agency Obligations were rated AAA by Moody's Investors Service.

Concentration of Credit Risk

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

(4) INTERGOVERNMENTAL RECEIVABLES

Receivables at December 31, 2014 are as follows:

Custody of Inmates	
City of New Orleans	$ 154,873
Federal Agencies	10,203
State of Louisiana	1,004,433
Parishes	195,941
	1,365,450
Grants	
FEMA Grants	10,941,407
State of Louisiana and other grants	44,295
	10,985,702
	$ 12,351,152

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

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at December 31, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Funds	$ 58,277
Agency Funds	General Fund	15,674
Capital Projects Fund	General Fund	116,121
Debt Service Funds	General Fund	2,158,239
		$ 2,348,311

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

A summary of interfund transfers for the year ended December 31, 2014 is as follows:

	Transfers Out:
	General Fund
Transfers In:	
Capital Projects Fund	$ 4,065,215

(6) PREPAID EXPENSES

Payments made prior to December 31, 2014 that will benefit periods beyond December 31, 2014 are recorded as prepaid expenses. Prepaid expenses at December 31, 2014 consist of prepaid pension expense of $15,751.

(7) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2014 are as follows:

	December 31, 2013	Additions	Disposals	December 31, 2014
Capital assets not being depreciated:				
Land	$ 6,052,681	$ -	$ -	$ 6,052,681
Construction in progress	146,307,926	28,721,659	-	175,029,585
Total non-depreciable assets	152,360,607	28,721,659	-	181,082,266
Capital assets being depreciated:				
Buildings and improvements	162,021,530	1,580,517	-	163,602,047
Maintenance equipment	2,572,438	11,500	-	2,583,938
Office furniture and equipment	2,885,861	-	(254,749)	2,631,112
Vehicles	7,252,137	434,818	(582,804)	7,104,151
Total depreciable assets	174,731,966	2,026,835	(837,553)	175,921,248
Totals	$ 327,092,573	$ 30,748,494	$ (837,553)	$ 357,003,514
Less accumulated depreciation:				
Buildings and improvements	$ 20,782,344	$ 3,886,160	$ -	$ 24,668,504
Operating equipment	1,967,989	231,049	-	2,199,038
Office furniture and equipment	2,738,476	107,922	(254,749)	2,591,649
Vehicles	6,658,817	277,923	(582,804)	6,353,936
Total accumulated depreciation	32,147,626	4,503,054	(837,553)	35,813,127
Capital assets, net	$ 294,944,947	$ 26,245,440	$ -	$ 321,190,387

Depreciation expense in the amount of $4,503,054 was charged to custody of inmates.

The Office has active construction projects as of December 31, 2014 totaling $175,029,585. Major continuing projects include the inmate housing, intake and processing center and administrative building. Major commitments at December 31, 2014 are approximately $7.4 million which will primarily be funded through FEMA grants and general obligation bonds.

(8) PENSION PLANS

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

(a) Defined Contribution Pension Plan

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

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, 2014 of $81,087. Forfeitures of $24,293 in 2014 were credited to the benefit of the employer for the year ended December 31, 2014. The employees contributed to the Plan through payroll withholdings a total of $81,120 for the year ended December 31, 2014, which represents both the required and additional voluntary contributions.

(b) Defined Benefit Pension Plan

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

(8) PENSION PLANS (continued)

(b) Defined Benefit Pension Plan (continued)

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

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

In addition to ad valorem and insurance premium taxes that are remitted to the System (which constitute the major funding of the System), plan members are currently required by state statute to contribute 10.25% (effective July 1, 2013) of gross salary. The Sheriff is required to contribute at an actuarially determined rate. The current employer's rate is 14.25% (effective July 1, 2014) of annual covered payroll.

The contributions for the year ended December 31, 2014 were as follows:

	Amount	Percent of Covered Payroll
Employee	$ 3,376,862	10.12%
Employer	$ 4,638,580	13.91%

The Office's contributions to the System for the years ended December 31, 2013, 2012, and 2011 were $3,794,183, $3,690,493 and $4,094,335, respectively, which is equal to the required contribution for each year.

(c) Deferred Compensation Plan

Effective September 1, 2001, the Office adopted a deferred compensation plan administered by the Louisiana Deferred Compensation Commission. The Louisiana Public Employees Deferred Compensation Plan (the "Plan") was established pursuant to IRC Section 457 and Louisiana R.S. 43:1301-1308. For 2012, the Plan allowed employees to contribute up to the lesser of $17,000 for employees 49 years of age or younger; $22,500 for employees 50 years of age or older ($34,000 for those eligible for catch-up) or 100% of their salary. The Office matches contributions up to the lesser of $17,000 (employees 49 years of age or younger) or $22,500 (employees 50 years of age or older) or $34,000 for those eligible for catch-up or 9% of each participant's salary. Effective February 1, 2012 the employer contribution provision was suspended. Employees contributed through payroll withholdings a total of $495,751 for the year ended December 31, 2014.

ORLEANS PARISH SHERIFF'S OFFICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

(9) LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2014:

	Balance at December 31, 2013	Additions	Reductions	Balance at December 31, 2014	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.	$ 5,000,000	$ -	$ (1,000,000)	$ 4,000,000	$ 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.	6,040,000	-	(1,105,000)	4,935,000	1,155,000
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.	12,365,000	-	(845,000)	11,520,000	895,000
General Obligation Bonds (Series 2011): $5,000,000 originally issued with interest rate at 2.97% (interest payable beginning March 1, 2012; principal payable beginning September 1, 2012), maturing through September 1, 2026, secured by collections of ad valorem taxes.	4,425,000	-	(285,000)	4,140,000	290,000
General Obligation Bonds (Series 2012): $5,000,000 originally issued with interest rate at 2.85% (interest payable beginning March 1, 2013; principal payable beginning September 1, 2013), maturing through September 1, 2026, secured by collections of ad valorem taxes.	4,470,000	-	(285,000)	4,185,000	295,000

(9) LONG-TERM DEBT OBLIGATIONS (continued)

	Balance at December 31, 2013	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
General Obligation Bonds (Series 2013): $10,000,000 originally issued with interest rate at 1.95% maturing September 1, 2013 through September 1, 2022, secured by collections of ad valorem taxes.	9,500,000	-	(955,000)	8,545,000	980,000
Taxable Certificates of Indebtedness (Series 2013): $4,800,000 originally issued with interest rate at 2.51%, maturing June 30, 2014, secured by revenues of the Office.	4,800,000	-	(4,800,000)	-	-
Taxable Certificates of Indebtedness (Series 2014): $4,500,000 originally issued with interest rate at 2.75%, maturing June 30, 2015, secured by revenues of the Office.	-	4,500,000	-	4,500,000	4,500,000
	46,600,000	4,500,000	(9,275,000)	41,825,000	9,115,000
Other Liabilities:					
Claims and judgments	3,173,000	1,798,293	(841,952)	4,129,341	-
Accrued annual and sick leave	2,141,206	2,238,034	(2,301,179)	2,078,061	-
Other post employment liabilities	1,827,702	658,745	(162,789)	2,323,658	-
Bond premium, net of accumulated amortization	2,132	-	(1,353)	779	683
	$ 53,744,040	$ 9,195,072	$ (12,582,273)	$ 50,356,839	$ 9,115,683

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

Year Ending	Principal	Interest	Total
2015	$ 9,115,000	$ 1,222,145	$ 10,337,145
2016	4,760,000	1,006,102	5,766,102
2017	4,910,000	845,340	5,755,340
2018	5,065,000	677,859	5,742,859
2019	2,850,000	535,097	3,385,097
2020-2026	15,125,000	1,408,427	16,533,427
	$ 41,825,000	$ 5,694,970	$ 47,519,970

Interest expense on long-term debt for the year ended December 31, 2014 was $1,429,204.

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.

(9) LONG-TERM DEBT OBLIGATIONS (continued)

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, 2014
Orleans Parish District Attorney	$ 2,500,000	$ 1,207,722	$ 421,339	$ 1,713,617
Orleans Parish District Courts	8,500,000	3,000,556	1,432,554	6,931,998
Orleans Parish Clerk of District Courts	800,000	800,000	134,829	134,829
Orleans Parish Juvenile Court	1,000,000	985,108	168,536	183,428
Orleans Parish Municipal and Traffic Court	700,000	700,000	117,975	117,975
Restricted for intergovernmental transfers	$ 13,500,000	$ 6,693,386	$ 2,275,333	$ 9,081,847

On October 4, 2008, the voters of the Orleans Parish authorized the District to issue general obligation bonds not exceeding $63,225,000 for constructing, improving, renovating and repairing jails and other facilities for the Sheriff ($40,890,000), District Attorney ($3,290,000), Clerk of District Court ($2,825,000), Juvenile Court ($3,720,000), Municipal and Traffic Court ($7,500,000), and New Orleans Forensic Center ($5,000,000). The 20-year bonds are payable from ad valorem taxes. There have been six emissions of the bonds; $10,000,000 was issued December 1, 2008, $10,000,000 was issued March 1, 2009, $15,000,000 was issued March 1, 2010, $5,000,000 was issued December 2, 2011, $5,000,000 was issued April 27, 2012 and $10,000,000 was issued June 14, 2013. Subsequent to year end in January 2015 a final $8,225,000 was issued. Funds restricted for other agencies on the 2008, 2009, 2010, 2011, 2012 and 2013 issues totals $8,574,578 at December 31, 2014. As of December 31, 2014, net position restricted for intergovernmental transfers for all issues is $17,656,425.

(10) FUND BALANCE

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

Restricted – The general fund includes $77,469 restricted for encumbrances. The capital projects fund includes $3,746,886 restricted for capital improvements and $17,656,425 restricted for intergovernmental transfers (see footnote 9). The debt service fund includes $10,403,598 restricted for debt service.

(11) RISK MANAGEMENT

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

Claims and liabilities are recorded in the Statement of Net Position when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and

(11) RISK MANAGEMENT (continued)

other economic and social factors. The estimate for claims liability includes an estimate for incurred but not reported (IBNR) liabilities and also includes amounts for selected incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Attorney fees are recorded as incurred and are not included in the liability. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate.

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

Fiscal Year	Liability at Beginning	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End
2013	$ 2,364,289	$ 1,267,184	$ (458,473)	$ 3,173,000
2014	$ 3,173,000	$ 1,798,293	$ (841,952)	$ 4,129,341

(12) ON-BEHALF PAYMENTS

In accordance with generally accepted accounting principles the accompanying basic financial statements do not include certain portions of the Office's expenses paid directly by the City of New Orleans. These expenses include building space, utilities, office supplies, and gasoline.

Hospitalization premiums, unemployment benefits, and workers' compensation premiums paid by the City of New Orleans on behalf of the Office totaled $5,332,883 and are included in the accompanying financial statements as revenues and expenditures in the General Fund. The recorded hospitalization includes the post employment benefit of health insurance to prior Criminal Sheriff retirees who either have thirty years of service; are a member of the Louisiana Sheriff's Pension & Relief Fund and retire with 20 years of service at 50 years of age or older; or are a member of the Orleans Parish Sheriff's Employees Retirement Plan with ten of service and 55 years of age or older.

(13) COMPENSATION OF SHERIFF

In accordance with Louisiana Revised Statute 13:5521, the Sheriff of Orleans Parish was paid the following compensation for preserving the peace, arresting public offenders, and keeping of the jail. He is also the executive officer of the District.

Salary	$ 154,257
Expense allowance	$ 15,429

(14) ECONOMIC DEPENDENCY

The Office derives a material part of its revenues from charges for the housing of state, and municipal prisoners. These revenues are received from the City of New Orleans, other Parishes, and the State of Louisiana Department of Corrections. For the year ended December 31, 2014, revenues from these sources exceeded $39 million.

(15) CONTINGENCIES

Litigation

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

Intergovernmental Assistance

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

The Office of Inspector General – OIG has issued reports questioning FEMA's funding of $6,290,431 of costs relating to certain grants from 2005 through 2011 related to Hurricane Katrina. Of the total questioned amounts approximately $3.9 million have been resolved and approximately $225,000 has been accrued as of December 31, 2014. The ultimate outcome of the remainder of the questioned costs is undetermined at this time. The Office is not in agreement with the OIG's findings. As of December 31, 2014, the Sheriff's office and the legal counsel believe that the remaining items will be resolved.

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, 2014, the Office has received reimbursements from the Federal Emergency Management Association (FEMA) of $302,032,042.

Included in accounts receivable at December 31, 2014 is $10,423,109 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 $518,298 of additional accruals related to FEMA. Of these amounts, $518,298 of reimbursements were deferred at the fund level and recognized as revenue at the government-wide level. Unobligated FEMA grants, which are awaiting final approval and are expected to be reimbursed for $926,442 of recorded expenditures, are not recorded in accounts receivable. Advances and receipts for unrecorded expenses of $3,192,856 are recorded as a payable to the State of Louisiana, the pass through agency for FEMA funds. FEMA obligated grants total $318,599,126 at December 31, 2014.

(15) CONTINGENCIES (continued)

Other

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

In September, 2013 independent monitors were appointed by the Court and the court ordered that they be funded 50% by the City and 50% by the Office. Funds have been set aside in a separate bank account. The total 2014 expenditures for the monitor are $465,837 and the balance of the advanced funds is $26,150 at December 31, 2014.

In August, 2014 the Court ordered that all acute mental health detainees be housed at the Elayn Hunt's Correctional Facility. The City of New Orleans was ordered to prefund a separate bank account for the expenses of the special housing. The City of New Orleans pays $203,500 each month. After minor renovations to the Hunt facility the detainees were relocated in December 2014. The total 2014 expenditure for Hunt Mental Health housing is $410,076 and the balance of the advanced funds are $1,129,755 as of December 31, 2014.

The Office contends that the City of New Orleans is responsible to finance the housing of inmates and therefore is responsible for financing the consent decree requirements. In November 2013, the City of New Orleans and the Office entered into a release and settlement agreement for the City to finance specific expenditures for 2013 in the amount of $1,888,652. As of December 31, 2013 the Office had expended $753,093 of these funds. In April of 2014 a partial settlement agreement was reached between the Office and the City of New Orleans to finance specific expenditures in 2014 with the remaining funds from 2013 in the amount of $1,135,559. As of December 31, 2014 the Office had expended all of these funds.

The Office is continuing discussions with the City, monitors, and the court for how to adequately finance the Office.

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

(16) POST-EMPLOYMENT BENEFITS

Other Post Employment Benefits

The City of New Orleans is currently responsible for all other post employment benefits (OPEB)'s related to the Office, other than those described below. The benefits are paid directly by the City of New Orleans. These payments are included in the on-behalf payments made to the Office by the City of New Orleans. For the year ending December 31, 2014, the total on-behalf payments made were $5,332,883.

Plan Description:

Medical, dental and life insurance benefits are provided to certain employees upon actual retirement. For only the Civil Division current and retired employees employed as of May 2, 2010, the employer pays 100% of the medical and dental coverage for this closed group (not dependents). See below for details on Life Insurance benefits in both the Civil and Criminal Divisions. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service. 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 (a closed group in the Civil Division and all other retirees in the Civil and Criminal Division) and the life rate is blended for both active and retiree coverage. Insurance coverage amounts for retirees in the closed Civil Division are the same as when active but are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. In the non-closed Civil and Criminal Divisions the retiree insurance amount is a flat $10,000.

Contribution Rates:

Employees do not contribute to their post employment benefits costs.

Fund Policy:

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

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

The Civil and Criminal Divisions reported separately through the fiscal year ending in 2011. Beginning with the fiscal year ending December 31, 2012, the Office recognized the cost of providing post-employment benefits on a combined basis. In 2014 and 2013, the combined portion of health care and life insurance funding cost for retired employees totaled $162,789 and $157,073, respectively.

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Annual Required Contribution:

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

Normal Cost	$	301,726
30-year UAAL amortization amount		389,607
Annual required contribution (ARC)	$	691,333

Net Post-employment Benefit Obligation:

The table below shows the Office's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2014:

Beginning Net OPEB Obligation	$	1,827,702
Annual required contribution		691,333
Interest on Net OPEB Obligation		73,108
ARC Adjustment		(105,696)
OPEB Cost		658,745
Contribution		-
Current year retiree premium		(162,789)
Change in Net OPEB Obligation		495,956
Ending Net OPEB Obligation	$	2,323,658

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

Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
December 31, 2014	$658,745	24.71%	$2,323,658

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Funded Status and Funding Progress:

In the year ending December 31, 2014, the Office made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero.

Based on the January 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2014 was $7,006,811, which is defined as that portion, as determined by a particular actuarial cost method (the Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2014
Actuarial Accrued Liability (AAL)	$ 7,006,811
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 7,006,811
Funded Ratio (Actuarial Valuation Assets/AAL)	0.00%
Covered Payroll (active plan members)	$ 33,142,000
UAAL as a percentage of covered payroll	21.14%

Actuarial Methods and Assumptions:

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

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

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Actuarial Cost Method:

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

Actuarial Value of Plan Assets:

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

Turnover Rate:

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5% in the Civil Division and 15% in the Criminal Division.

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

Post Employment Benefit Plan Eligibility Requirements:

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

Investment Return Assumption (Discount Rate):

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

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Health Care Cost Trend Rate:

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

Mortality Rate:

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

Method of Determining Value of Benefits:

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

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

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

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

Inflation Rate:

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

Projected Salary Increases:

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

(16) POST-EMPLOYMENT BENEFITS (continued)

Other Post Employment Benefits (continued)

Post-retirement Benefit Increases:

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

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

	OPEB Costs and Contributions		
	December 31, 2012	December 31, 2013	December 31, 2014
OPEB Cost	$ 602,158	$ 618,750	$ 658,745
Contribution	-	-	-
Retiree premium	(145,438)	(157,073)	(162,789)
Total contribution and premium	(145,438)	(157,073)	(162,789)
Change in net OPEB obligation	$ 456,720	$ 461,677	$ 495,956
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	24.15%	25.39%	24.71%

(17) GENERAL FUND DEFICIT

As shown in the accompanying financial statements at December 31, 2014, the General fund had a deficit in fund balance in the amount of $834,672. This deficit is primarily due to operating expenditures exceeding revenues and beginning fund balance. The office plans to fund the deficit through future revenues.

(18) NEW PROUNCEMENTS

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

(18) NEW PROUNCEMENTS (continued)

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

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

(19) SUBSEQUENT EVENTS

In January 2015 the Law Enforcement District of the Parish of Orleans issued the remainder of its $63,225,000 general obligation bonds authorized in 2008. The amount of this final issue is $8,225,000.

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, 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.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Schedule "A-1"

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, 2014

	Budgeted Amounts			Variance With
	Original	Final	Actual Amounts	Final Budget - Over (Under)
REVENUES:				
Custody of prisoners:				
City of New Orleans charges	$ 24,030,338	$ 31,171,300	$ 32,746,311	$ 1,575,011
State of Louisiana Department of Corrections charges	5,809,293	5,456,358	5,605,517	149,159
Other charges	225,000	690,679	686,932	(3,747)
Civil fees and commissions	5,750,000	5,111,999	4,538,580	(573,419)
Civil Security services	1,900,000	1,803,980	1,740,446	(63,534)
On-behalf payments	4,925,415	5,421,963	5,332,883	(89,080)
Other income	5,569,000	5,789,289	4,034,633	(1,754,656)
State supplemental pay	3,094,000	2,986,827	2,705,877	(280,950)
Federal and state grants	23,289,525	24,235,846	24,975,495	739,649
Total revenues	74,592,571	82,668,241	82,366,674	(301,567)
EXPENDITURES:				
Central services	4,794,747	5,929,866	6,934,832	1,004,966
Court services	2,724,866	2,647,523	2,743,826	96,303
Security services	17,693,613	21,355,321	17,169,013	(4,186,308)
Investigative services	-	768,574	2,266,754	1,498,180
Administrative services	3,569,060	4,590,916	4,758,506	167,590
Records and booking	3,424,048	3,616,984	3,343,298	(273,686)
Inmate services	10,254,088	11,817,981	13,181,904	1,363,923
Interest	72,000	188,398	157,116	(31,282)
Debt retirement	4,800,000	4,800,000	4,800,000	-
Grants and special programs	1,386,388	1,549,891	1,445,781	(104,110)
Civil administrative services	3,105,315	3,018,470	3,204,658	186,188
Civil security services	1,978,884	2,036,440	2,134,270	97,830
Plant and maintenance	4,697,574	6,303,913	5,222,179	(1,081,734)
Capital outlays	21,000,000	16,000,000	18,609,534	2,609,534
Total expenditures	79,500,583	84,624,277	85,971,671	1,347,394
Deficiency of revenues over expenditures	(4,908,012)	(1,956,036)	(3,604,997)	(1,648,961)
OTHER FINANCING SOURCES:				
Proceeds from bonds	4,355,000	4,500,000	4,500,000	-
Proceeds from sale of assets	-	-	33,396	33,396
Transfers In/(Out)	-	(3,600,000)	(4,065,215)	(465,215)
Total other financing sources	4,355,000	900,000	468,181	(431,819)
Net change in fund balance	(553,012)	(1,056,036)	(3,136,816)	(2,080,780)
FUND BALANCES, BEGINNING	553,665	2,302,144	2,302,144	-
FUND BALANCES, ENDING	$ 653	$ 1,246,108	$ (834,672)	$ (2,080,780)

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	Amounts	Over (Under)
REVENUES:				
Investment income	$ 36,565	$ 22,728	$ 11,418	$ (11,310)
Ad valorem tax revenue	7,750,000	8,407,950	8,386,587	(21,363)
Total revenues	7,786,565	8,430,678	8,398,005	(32,673)
EXPENDITURES:				
Miscellaneous	-	23,254	26,405	3,151
Debt retirement	4,475,000	4,475,000	4,475,000	-
Interest payments	1,357,178	1,357,178	1,357,178	-
Total expenditures	5,832,178	5,855,432	5,858,583	3,151
Excess of revenues over expenditures	1,954,387	2,575,246	2,539,422	(35,824)
Net change in fund balance	1,954,387	2,575,246	2,539,422	(35,824)
FUND BALANCES, BEGINNING	8,249,866	7,864,176	7,864,176	-
ESTIMATED ENDING FUND BALANCE	10,204,253	10,439,422	10,403,598	(35,824)
FUND BALANCES, ENDING	$ 10,204,253	$ 10,439,422	$ 10,403,598	$ (35,824)

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH SHERIFF'S OFFICE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2014

	Fines	Criminal Justice	Property Room	Cash Bonds and Fines	Civil	Total Agency
ASSETS:						
Cash	$ 3,461	$ 13,677	$ 385,586	$ 55,566	$ 3,670,847	$ 4,129,137
Other receivables	-	-	20,603	-	-	20,603
Interfund receivable	-	2,633	-	-	13,041	15,674
Deposits	-	-	40,000	-	-	40,000
Total assets	3,461	16,310	446,189	55,566	3,683,888	4,205,414
LIABILITIES:						
Due to inmates and others	2,156	16,310	435,595	9,188	3,683,888	4,147,137
Interfund payable	1,305	-	10,594	46,378	-	58,277
Total liabilities	3,461	16,310	446,189	55,566	3,683,888	4,205,414
NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF ACTIVITIES - EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, AND 2012

	2014	2013	2012
Functions/Programs			
Governmental activities:			
Custody of inmates:			
Personnel	$ 41,380,548	$ 36,337,608	$ 37,300,110
Contractual	12,470,942	9,481,365	9,388,662
Materials and supplies	4,630,274	5,809,046	4,771,574
Depreciation	4,503,054	3,880,579	4,729,570
Total custody of inmates	62,984,818	55,508,598	56,189,916
Civil division	5,338,928	5,361,901	5,811,716
Interest on long-term debt	1,429,204	1,548,695	2,041,341
Total governmental activities	$ 69,752,950	$ 62,419,194	$ 64,042,973

See Auditor's Report.

Schedule "C-2"

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE BALANCE SHEETS - GENERAL FUND
DECEMBER 31, 2014, 2013, AND 2012

	2014	2013	2012
ASSETS:			
Cash and cash equivalents	$ 11,786,021	$ 13,439,384	$ 9,604,316
Intergovernmental receivables	12,351,152	19,144,415	13,298,178
Interfund receivables	58,277	52,623	1,977,381
Other receivables	1,134,154	1,142,665	862,623
Prepaid expenses	15,751	39,527	56,265
Inventory	122,127	736,070	716,266
Total assets	$ 25,467,482	$ 34,554,684	$ 26,515,029
LIABILITIES:			
Accounts payable	$ 22,337,917	$ 27,137,821	$ 20,173,053
Interfund payables	2,290,034	2,422,576	2,256,951
Advances from other governmental agencies	1,155,905	-	-
Total liabilities	25,783,856	29,560,397	22,430,004
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	518,298	2,692,143	2,029,963
Total deferred inflows of resources			
FUND BALANCES:			
Nonspendable amounts:			
Not in spendable form	137,878	775,597	772,531
Restricted	77,469	181,348	215,899
Unassigned	(1,050,019)	1,345,199	1,066,632
Total fund balance (deficit)	(834,672)	2,302,144	2,055,062
Total liabilities and fund balances	$ 25,467,482	$ 34,554,684	$ 26,515,029

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, AND 2012

	2014	2013	2012
REVENUES:			
Custody of inmates:			
City of New Orleans charges	$ 32,746,311	$ 20,757,949	$ 22,314,776
State of Louisiana Department of Corrections charges	5,605,517	6,651,537	8,060,044
Federal charges	-	-	169,231
Other charges	686,932	925,962	687,115
Civil fees and commissions	4,538,580	6,025,168	6,223,460
Civil security services	1,740,446	1,724,888	1,704,835
Investment income	3,740	4,540	4,567
On-behalf payments	5,332,883	5,421,963	5,201,305
State supplemental pay	2,705,877	2,709,219	2,841,293
Federal and state grants	24,975,495	75,720,654	65,127,234
Restitution/administration	684,136	580,850	609,090
Release processing fees	500,909	506,901	471,419
Other income	2,845,848	3,687,263	3,294,721
Total revenues	82,366,674	124,716,894	116,709,090
EXPENDITURES:			
Central services	6,934,832	5,590,727	5,104,973
Court services	2,743,826	3,047,995	3,572,294
Security services	17,169,013	14,733,614	14,839,161
Investigative services	2,266,754	1,878,831	1,986,081
Administrative services	4,758,506	3,908,985	5,736,249
Records and booking	3,343,298	3,618,570	3,758,620
Inmate services	13,181,904	10,824,308	11,366,765
Grants and special programs	1,445,781	1,312,899	1,225,999
Plant and maintenance	5,222,179	5,205,016	4,987,931
Debt retirement	4,800,000	4,900,000	3,986,000
Interest payments	157,116	60,401	70,810
Civil administrative services	3,204,658	3,239,352	3,649,226
Civil security services	2,134,270	2,122,549	2,170,922
Capital outlays	18,609,534	68,053,955	63,750,379
Total expenditures	85,971,671	128,497,202	126,205,410
Deficiency of revenues over expenditures	(3,604,997)	(3,780,308)	(9,496,320)
OTHER FINANCING SOURCES (USES), INCLUDING TRANSFERS:			
Proceeds from notes	4,500,000	4,800,000	4,900,000
Transfer of interfund receivable on liquidation of internal service fund	-	-	3,938,000
Proceeds from sale of assets	33,396	-	-
Transfers in	-	-	231,774
Transfers out	(4,065,215)	(772,610)	-
Total other financing sources, including transfers	468,181	4,027,390	9,069,774
Net changes in fund balances	(3,136,816)	247,082	(426,546)
FUND BALANCES, BEGINNING	2,302,144	2,055,062	2,481,608
FUND BALANCES, ENDING	$ (834,672)	$ 2,302,144	$ 2,055,062

See Auditor's Report.

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Purpose	Amount
Salary	$ 154,257
Expense Allowance	15,429
Benefits-insurance[1]	6,106
Benefits-retirement[2]	23,887
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	335
Conference travel	-
Continuing professional education fees	-
Housing	-
Membership dues	766
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 car pay $60.00 per month for departmental vehicle - IRS guidelines

SINGLE AUDIT SECTION

ORLEANS PARISH SHERIFF'S OFFICE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Funding Agencies/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures	
U.S. Department of Justice				
Pass-Through Awards:				
Office of Justice Programs, Bureau of Justice Assistance Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice				
Edward Byrne Memorial Justice Formula Grant - Enhanced Job Skills	16.738	B11-9-007	$ 18,013	
Passed through City of New Orleans				
Edward Byrne Memorial Justice Assistance Grant - Correctional Surveillance	16.738	2011-DJ-BX-3336	55,437	
Total Justice Assistance Grant Cluster			73,450	
Passed through National Council on Crime and Delinquency				
PREA Zero Tolerance	16.735	BJA 2010 RP-BX-K001	70,225	
Total			70,225	
Total U.S. Department of Justice			143,675	
U.S. Department of Homeland Security				
Pass-Through Awards:				
Louisiana Office of Homeland Security and Emergency Preparedness				
Disaster Grants - Public Assistance	97.036	FEMA	21,296,279	(M)
Total U.S. Department of Homeland Security			21,296,279	
U.S. Department of Transportation				
Pass-Through Awards:				
Louisiana Highway Safety Commission				
Click It or Ticket	20.205	2014-30-70-36	1,852	
Total U.S. Department of Health and Human Services			1,852	
Total Federal Awards			$ 21,441,806	

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

Notes to the Schedule of Expenditures of Federal Awards

Note 1
This schedule of expenditures of federal awards includes the federal grant activity of the Orleans Parish Sheriff's Office and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

See Auditor's Report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Orleans Parish Sheriff's Office (the Office) as of and for the year ended December 31, 2014, 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 26, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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.

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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 26, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited the Orleans Parish Sheriff's Office's (the Office) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Office's major federal programs for the year ended December 31, 2014. The Office's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Office's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Office's compliance.

Opinion on Each Major Federal Program

In our opinion, the Office complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities and each major fund of the Office as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements. We issued our report thereon dated June 26, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite + Netterville

New Orleans, Louisiana
June 26, 2015

ORLEANS PARISH SHERIFF'S OFFICE

Schedule of Findings and Questioned Costs

Year ended December 31, 2014

(1) Summary of Auditors' Results

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

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

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

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

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

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

(g) Major programs:

United States Department of Homeland Security – Disaster Grants

- CFDA No. 97.036 Public Assistance

(h) Dollar threshold used to distinguish between Type A and Type B programs: $643,254

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

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

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

ORLEANS PARISH SHERIFF'S OFFICE
New Orleans, Louisiana
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

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