

R E P O R T

ST. BERNARD PARISH SHERIFF

CHALMETTE, LOUISIANA

JUNE 30, 2019

ST. BERNARD PARISH SHERIFF

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# Duplantier Hrapmann Hogan & Maher, LLP

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December 30, 2019

Honorable James J. Pohlmann  
St. Bernard Parish Sheriff  
Chalmette, Louisiana 70043

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the index to the report.

### ***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 control 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 an opinion 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 from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Sheriff as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 51, the schedule of changes in the net OPEB liability and related ratios on page 52, the schedule of the Sheriff's proportionate share of the net pension liability on page 53, and the schedule of Sheriff's pension contributions on page 54 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 St. Bernard Parish Sheriff's basic financial statements. The combining financial statements of the proprietary funds – internal service funds on pages 58 through 61, and the combining financial statements of the fiduciary fund type – agency funds on pages 62 through 64 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 67 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic

financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 65 and the affidavit on page 66 are not a required part of the basic financial statements of the Sheriff, but are additional information required by the Louisiana Legislative Auditor.

The combining financial statements of the proprietary funds – internal service funds, combining financial statements of the fiduciary fund type – agency funds, schedule of expenditures of federal awards, schedule of compensation, benefits, and other payments to agency head or chief executive officer, and affidavit are the responsibility of management, were derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 financial statements of the proprietary funds – internal service funds, combining financial statements of the fiduciary fund type – agency funds, schedule of expenditures of federal awards, schedule of compensation, benefits, and other payments to agency head or chief executive officer, and affidavit are fairly stated in all material respects in relation to the basic 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 December 30, 2019, on our consideration of the St. Bernard Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 St. Bernard Parish Sheriff's internal control over financial reporting and compliance.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Within this section of the St. Bernard Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2019. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

The Sheriff's management has utilized insurance, as well as federal and state programs, to continue to provide services for the parish.

### **FINANCIAL HIGHLIGHTS**

As of June 30, 2019, the Sheriff's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$681,307 (net deficit) on the Sheriff's government-wide financial statements.

Total net position (deficit) is comprised of the following:

1. Net investment in capital assets of \$8,961,997 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase of capital assets.
2. Unrestricted net position represents the portion available to maintain the Sheriff's continuing obligations to citizens and creditors. Unrestricted net position had a deficit balance of \$9,643,304 due primarily to net pension liability and OPEB payable.

The Sheriff's governmental funds reported total ending fund balance of \$9,426,115. This compares to the prior year ending fund balance of \$8,739,723, an increase of \$686,392 during the year ended June 30, 2019.

At June 30, 2019, the unassigned fund balance for the General Fund was \$9,135,095, or 37% of total General Fund expenditures and 36% of total General Fund revenues including transfers. Non-spendable fund balance for the General Fund was \$291,020 or 1% of total General Fund expenditures and 1% of General Fund revenues including transfers.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of three sections: management's discussion and analysis (this section), the basic financial statements and related footnotes, and required supplementary information. Management's discussion and analysis is intended to serve as an introduction to the St. Bernard Parish Sheriff's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains additional information to supplement the basic financial statements, such as required supplementary information.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The first of these government-wide statements is the Statement of Net Position (page 11). This is the government-wide statement of position that presents information on the St. Bernard Parish Sheriff's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. This statement is designed to display the financial position of the St. Bernard Parish Sheriff. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other nonfinancial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities (page 12), which reports how the Sheriff's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenue provided by the Sheriff's taxpayers.

The government-wide financial statements present the governmental activities of the Sheriff that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety.

## **FUND FINANCIAL STATEMENTS**

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

The various funds of the Sheriff are classified into three categories: governmental (general fund), proprietary (internal service funds), and fiduciary (agency funds).

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

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**FUND FINANCIAL STATEMENTS (Continued)**

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives. The governmental fund financial statements are presented on pages 13 through 16 of this report.

Proprietary (internal service) funds are included in the government-wide financial statements and the fund financial statements and report on the medical claims funded by the Sheriff's General Fund and contributions from the employees and auto claims funded by the Sheriff's General Fund. The proprietary fund financial statements are presented on pages 17 through 19 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action, and the individual prison inmate accounts. The fiduciary fund financial statement is presented on page 20 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 21 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 St. Bernard Parish Sheriff's budgetary comparison (page 51), changes in the net OPEB liability and related ratios (page 52), proportionate share of the net pension liability (page 53), and pension contributions (page 54).

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Sheriff's net position at fiscal year-end is a deficit balance of \$681,307. The following table provides a summary of the Sheriff's net position:

**CONDENSED COMPARATIVE STATEMENTS OF NET POSITION**

	June 30, 2019		June 30, 2018	
	Governmental Activities	Percentage Total	Governmental Activities	Percentage Total
<b>Assets:</b>				
Current assets and other assets	\$ 10,909,301	55%	\$10,034,874	54%
Capital assets, net	8,961,997	45%	8,455,903	46%
Total	<u>19,871,298</u>	<u>100%</u>	<u>18,490,777</u>	<u>100%</u>
<b>Deferred Outflows</b>	<u>4,324,315</u>	<u>100%</u>	<u>3,216,344</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	1,493,281	7%	1,462,435	7%
Long-term liabilities	20,741,334	93%	20,540,419	93%
Total liabilities	<u>22,234,615</u>	<u>100%</u>	<u>22,002,854</u>	<u>100%</u>
<b>Deferred Inflows</b>	<u>2,642,305</u>	<u>100%</u>	<u>1,704,035</u>	<u>100%</u>
<b>Net Position:</b>				
Net investment in capital assets	8,961,997	-1315%	8,455,903	-423%
Unrestricted	(9,643,304)	1415%	(10,455,671)	523%
Total net position (deficit)	<u>\$ (681,307)</u>	<u>100%</u>	<u>\$ (1,999,768)</u>	<u>100%</u>

The Sheriff reported an increase in net position for the governmental activities. Net position increased by \$1,318,461 for governmental activities in fiscal year 2019. The increase in net position is lesser than the increase in net position in the prior year due to increased public safety expenses in the current year related primarily to OPEB expense, as the Sheriff's OPEB liability increased by \$826,198 in the current year.

Note that the majority of the governmental activities' net position is invested in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

The following table provides a summary of the Sheriff's changes in net position for the years ended June 30, 2019 and 2018:

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**COMPARATIVE STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED**

	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Governmental Activities</u>	<u>Percentage Total</u>	<u>Governmental Activities</u>	<u>Percentage Total</u>
<b><u>Revenues:</u></b>				
Program:				
Charges for services	\$ 6,625,477	25%	\$ 6,547,830	25%
Operating grants	3,271,014	12%	3,870,465	15%
General:				
Property taxes	10,655,084	39%	9,579,756	36%
Sales taxes	3,890,457	14%	4,113,879	15%
Unrestricted state grants	933,671	3%	869,789	3%
Interest earnings	119,170	0%	63,470	0%
Gain on disposal of assets	83,860	0%	-	0%
Miscellaneous	1,460,753	5%	1,553,455	6%
Total revenues	<u>27,039,486</u>	<u>100%</u>	<u>26,598,644</u>	<u>100%</u>
<b><u>Program Expenses:</u></b>				
Public safety	<u>25,721,025</u>	<u>100%</u>	<u>24,866,621</u>	<u>100%</u>
Total expenses	<u>25,721,025</u>	<u>100%</u>	<u>24,866,621</u>	<u>100%</u>
Change in net position	<u>\$ 1,318,461</u>		<u>\$ 1,732,023</u>	

**GOVERNMENTAL REVENUES**

The Sheriff is heavily reliant on property and sales taxes to support its operations. Property and sales taxes provided 53% of the Sheriff's total revenues. Program revenues, including operating grants received and charges for services, accounted for 37% of governmental operating revenues. Property tax revenues increased by \$1,075,328, or 11%, in the current year, due to taxable assessed property tax values increasing as a result of reassessments in 2018.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

The total function of the Sheriff's office is public safety activities. Total public safety expenses increased by \$854,404, or 3%, in the current year, due to increases in personnel services and related benefits as a result of employee pay raises that were granted during the year and increased expenses associated with the Sheriff's pension and OPEB liabilities.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS**

Governmental Funds

As discussed, governmental funds are reported in the fund financial statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$9,426,115. Of this total, \$9,135,095 or 97% is unassigned indicating availability for continuing the Sheriff's activities.

**MAJOR GOVENMENTAL FUNDS**

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$686,392 from the prior year.

Operating expenditures were approximately \$25 million or 0.4% less than fiscal year 2018. Non-personnel operating costs decreased approximately \$0.6 million or 9.1% over the prior year. The reason for the decrease was related primarily to a decrease in capital outlay, which decreased approximately \$0.5 million, or 22.9%.

**BUDGETARY HIGHLIGHTS**

General Fund

The General Fund's original revenue budget for fiscal year 2019 was less than the actual amounts reported in fiscal year 2019. The final revenue budget for fiscal year 2019 was less than the actual amounts reported in the fiscal year due primarily to increased ad valorem revenues, sales tax revenues, federal and state grants, and commissions on sales taxes, licenses, etc.

The original expenditure budget for fiscal year 2019 was less than the actual amounts. The final expenditure budget for fiscal year 2019 was greater than the actual amounts. Actual expenditures fell below final budgeted expenditures primarily in the areas of materials and supplies and capital outlay.

The final amended revenues budget increased 2% from the original budget. Actual revenue exceeded the final budget by 2%. The final amended expenditure budget increased 2% over the original budget. Actual expenditures fell below the final budget by 0.1%.

The actual excess of revenues over expenditures over the final budget was \$606,392.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2019, was \$8,961,997. The net increase was \$506,094 for the Sheriff. See Note 4 for additional information about changes in capital assets during the fiscal year and capital assets owned at the end of the fiscal year. The following table provides a summary of capital asset activity. The increase was due primarily to the purchases of office furniture and equipment and vehicles in the current year. Depreciation on the building improvements, vehicles, office furniture and equipment, and law enforcement weapons and communication equipment was \$1,326,472 or 5% of total expenses.

	<u>Governmental Activities</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land and building improvements	\$ 5,515,734	\$ 5,515,734
Vehicles	5,466,648	5,568,296
Boats and equipment	507,654	458,564
Office furniture and equipment	3,569,768	2,580,898
Law enforcement weapons and communications equipment	3,847,953	3,610,570
Total capital assets	18,907,757	17,734,062
Less accumulated depreciation	9,945,760	9,278,159
Net book value - total capital assets	\$ 8,961,997	\$ 8,455,903
Percentage depreciated	53%	52%

The major additions to the capital asset accounts include multiple computers, portable radios, vehicles, and law enforcement equipment.

The Sheriff has no long-term debt outstanding at year-end. However, there are long-term liabilities related to other postemployment benefits, net pension liability, and legal settlement payable.

**CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact James J. Pohlmann, Sheriff, St. Bernard Parish Sheriff and Tax Collector, P.O. Box 168, Chalmette, LA 70044.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 7,527,087
Due from other governmental units	2,036,092
Due from other funds	1,055,102
Prepaid items	291,020
Total current assets	<u>10,909,301</u>
Noncurrent assets:	
Capital assets, net	8,961,997
Total noncurrent assets	<u>8,961,997</u>
Total assets	<u>19,871,298</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to pensions	4,113,341
Deferred outflows related to other postemployment benefits	210,974
Total deferred outflows of resources	<u>4,324,315</u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts and other accrued payables	1,436,295
Due to other funds	6,986
Legal settlement	50,000
Total current liabilities	<u>1,493,281</u>
Noncurrent liabilities:	
OPEB payable	13,494,868
Legal settlement	200,000
Net pension liability	7,046,466
Total noncurrent liabilities	<u>20,741,334</u>
Total liabilities	<u>22,234,615</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows related to pensions	2,408,095
Deferred inflows related to other postemployment benefits	234,210
Total deferred inflows of resources	<u>2,642,305</u>
<b>NET POSITION:</b>	
Net investment in capital assets	8,961,997
Unrestricted	<u>(9,643,304)</u>
Total net position (deficit)	<u>\$ (681,307)</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Public safety	\$ <u>25,721,025</u>	\$ <u>6,625,477</u>	\$ <u>3,271,014</u>	\$ <u>(15,824,534)</u>
Total	\$ <u>25,721,025</u>	\$ <u>6,625,477</u>	\$ <u>3,271,014</u>	<u>(15,824,534)</u>
General revenues:				
Taxes:				
Sales and property taxes, levied for general purposes				14,545,541
Grants and contributions not restricted to specific programs - State sources				933,671
Interest earnings				119,170
Gain on sale of assets				83,860
Miscellaneous				<u>1,460,753</u>
Total general revenues				<u>17,142,995</u>
Change in net position				1,318,461
Net position (deficit) - July 1, 2018				<u>(1,999,768)</u>
Net position (deficit) - June 30, 2019				<u>\$ (681,307)</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 7,238,161
Receivables:	
Due from other governmental units	2,036,092
Due from other funds	1,055,102
Prepaid expenditures	<u>291,020</u>
Total assets	<u>\$ 10,620,375</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts, salaries, and withholdings payable	\$ 1,137,274
Due to other funds	6,986
Legal settlements	50,000
Total liabilities	<u>1,194,260</u>
Fund balances:	
Nonspendable (prepaid expenditures)	291,020
Unassigned	<u>9,135,095</u>
Total fund balances	<u>9,426,115</u>
Total liabilities and fund balances	<u>\$ 10,620,375</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

Total fund balances for governmental funds at June 30, 2019 (Page 13) \$ 9,426,115

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Those assets consist of:

Land and building improvements, net of \$656,349		
accumulated depreciation	\$ 4,859,385	
Vehicles, net of \$4,387,458 accumulated depreciation	1,079,190	
Equipment and furniture, net of \$2,176,325 accumulated depreciation	1,393,443	
Law enforcement weapons and communications equipment, net of \$2,298,447 accumulated depreciation	1,549,506	
Boats and equipment, net of \$427,181 accumulated depreciation	80,473	8,961,997

Deferred outflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds. 4,113,341

Deferred outflows of resources related to OPEB are applicable to future reporting periods and, therefore, are not reported in the funds. 210,974

Internal service funds are used by management to charge the cost of insuring risk (i.e. self-insurance) to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. (10,095)

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds.

Those debts consist of:

OPEB Payable	(13,494,868)	
Net Pension Liability	(7,046,466)	
Legal Settlement	(200,000)	(20,741,334)

Deferred inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds. (2,408,095)

Deferred inflows of resources related to OPEB are applicable to future reporting periods and, therefore, are not reported in the funds. (234,210)

Total net position (deficit) of governmental activities at June 30, 2019 (Page 11) \$ (681,307)

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>GENERAL FUND</u>
Revenues:	
Ad valorem taxes	\$ 10,655,084
Sales taxes	3,890,457
Intergovernmental revenues:	
Federal grants and state grants	2,095,238
State revenue sharing	336,965
State supplemental pay	1,175,776
Video poker	564,115
Fees, charges, and commissions for services:	
Commissions on sales taxes, licenses, etc.	2,783,570
Prisoner care and maintenance	1,772,433
Civil and criminal fees and court cost	620,274
Detail income	700,236
Bond forfeitures	32,591
Interest income	119,170
Other	710,556
Total revenues	<u>25,456,465</u>
Expenditures:	
Public safety:	
Personnel services and related benefits	18,896,131
Operating services	3,138,047
Material and supplies	869,040
Travel and other charges	23,848
Capital outlay	1,832,566
Miscellaneous	44,301
Legal settlement	50,000
Total expenditures	<u>24,853,933</u>
Excess of revenues over expenditures	602,532
Other financing sources:	
Proceeds from sale of assets	<u>83,860</u>
Excess of revenue and other financing sources over expenses	686,392
Fund balance, beginning of year	<u>8,739,723</u>
Fund balance, ending of year	<u>\$ 9,426,115</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Total net changes in fund balance at June 30, 2019, per statement of revenues, expenditures, and changes in fund balance (page 15)		\$ 686,392
<p>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.</p>		
Capital outlays which are considered expenditures on statement of revenues, expenditures, and changes in fund balance	\$ 1,832,566	
Depreciation expense for the year ended June 30, 2019	<u>(1,326,472)</u>	506,094
OPEB benefit (expense), which is the change in the other postemployment benefits liability adjusted for changes in deferred outflows and inflows of resources related to other postemployment benefits, is reported in the statement of activities.		(601,451)
Pension benefit (expense), which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.		(229,960)
Non-employer contributions are reported as revenues in the governmental funds when made. The Sheriff's proportionate share of non-employer contributions to the pension plan is reported in the statement of activities.		750,197
Legal settlement is expensed in governmental funds when accrued.		50,000
Internal service funds are used by management to charge the costs of risk management activities (i.e., self insurance) to individual departments and funds. The change in net position of the internal service funds is reported with governmental activities.		<u>157,189</u>
Total change in net position for the year ended June 30, 2019, per Statement of Activities (page 12)		<u>\$ 1,318,461</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE
ASSETS:	
Current assets:	
Cash	\$ 288,926
Total assets	<u>288,926</u>
LIABILITIES:	
Current liabilities:	
Accounts and other accrued payables	<u>299,021</u>
Total liabilities	<u>299,021</u>
NET POSITION:	
Unrestricted	<u>(10,095)</u>
Total net position (deficit)	<u>\$ (10,095)</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
 PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	GOVERNMENTAL <u>ACTIVITIES</u> INTERNAL <u>SERVICE</u>
Operating revenues:	
Charges for services	\$ 3,763,964
Total operating revenues	<u>3,763,964</u>
Operating expenses:	
Public safety:	
Personnel services and related benefits	3,494,449
Professional services and administrative	<u>112,326</u>
Total operating expenses	<u>3,606,775</u>
Operating income	<u>157,189</u>
Change in net position	157,189
Net position (deficit), beginning of year	<u>(167,284)</u>
Net position (deficit), end of year	<u>\$ (10,095)</u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	GOVERNMENTAL <u>ACTIVITIES</u> INTERNAL <u>SERVICE</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from user departments and participants	\$ 3,763,964
Cash paid for claims	<u>(3,709,358)</u>
Net cash provided by operating activities	<u>54,606</u>
Net increase in cash and cash equivalents	54,606
Cash and cash equivalents at beginning of the year	<u>234,320</u>
Cash and cash equivalents at end of the year	<u><u>\$ 288,926</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 157,189
Decrease in accounts payable	<u>(102,583)</u>
Net cash provided by operating activities	<u><u>\$ 54,606</u></u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>AGENCY FUNDS</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 4,791,867
Due from other funds	6,986
Due from other taxing authorities	<u>134,820</u>
Total assets	<u>4,933,673</u>
 <b>LIABILITIES:</b>	
Due to other funds, taxing bodies, prisoners and others	<u>4,933,673</u>
Total liabilities	<u>4,933,673</u>
Net position	\$ <u><u>          -</u></u>

The accompanying notes are an integral part of the basic financial statements.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

INTRODUCTION

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

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

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

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due to various taxing bodies and others.

The accounting and reporting policies of the St. Bernard Parish Sheriff conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures conform to the requirements of guides set forth in *Louisiana Audit Guide*, and to the industry audit and accounting guide, *Audits of States and Local Governmental Units*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. The Sheriff is solely responsible for the operations of his office, which includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipts and disbursements of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent.

Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and other government units within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Sheriff as a whole. These include all the financial activities of the Sheriff. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Fund Financial Statements (FFS)

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities of the Sheriff. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into three categories: governmental, proprietary (internal service), and fiduciary. The emphasis on the fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Sheriff is considered to be a major fund. The following is a description of the funds utilized by the Sheriff:

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING  
(Continued)

Fund Financial Statements (FFS) (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The General Fund is the primary operating fund of the Sheriff and it accounts for all financial resources, except those required to be 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 in accordance with the Sheriff's policy.

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide view of Sheriff's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenue available if it is collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Those revenues susceptible to accrual are state revenue sharing, intergovernmental reimbursements, interest, and grants. Ad valorem taxes, sales taxes, fines and commissions, and costs collected and held by the Tax Collector Agency Fund on behalf of the Sheriff's General Fund are also accrued. Substantially all other revenues are recorded when received. The governmental fund uses the following practice in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING  
(Continued)

Fund Financial Statements (FFS) (Continued)

Governmental Funds (Continued)

Revenues (Continued)

Intergovernmental revenues, grants and fees, charges, and commissions for service are recorded when the Sheriff is entitled to the funds or in the same period as the underlying expenditures.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the expenditure is incurred. 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 are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

Proprietary Funds

The focus on proprietary fund measurement is upon determination of operating income, changes in net financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The Sheriff's internal service funds are a proprietary fund type.

Internal service funds (self-insured medical and automobile claims funds) are used by the Sheriff to account for the financing of goods and services provided by one department to other departments of the Sheriff on a cost-reimbursement basis. Operating expenses of the internal service funds include the cost of claims and judgments and related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Because the principal users of the internal services are the Sheriff's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING  
(Continued)

Fund Financial Statements (FFS) (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections), for deposits held pending court action, and for the funds of individual prisoner account balances while in custody of the St. Bernard Parish Prison. 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 accrual basis of accounting.

BUDGETS

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief administrative deputy prepares a proposed budget for the General Fund for the fiscal year and submits it to the Sheriff no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Sheriff.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CASH AND CASH EQUIVALENTS

For reporting purposes, cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. They are stated at cost, which approximates market. Cash equivalents consist of short-term government pool funds and government mutual funds. They are stated at cost, which approximates market. Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State law R.S. 39:1225 provides that the amount of security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. LAMP invests in obligations issued by the U.S. Government, its agencies, and instrumentalities. LAMP is subject to regulatory oversight of the State Treasurer and its Board of Directors. Audited financial statements are available from LAMP.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, transactions can occur between individual funds. 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.

PREPAID ITEMS

Insurance payments paid to insurance agencies and rental payments made to lessors that will benefit periods beyond June 30, 2019, are recorded as prepaid items.

CAPITAL ASSETS

Capital assets are recorded in the Statement of Net Position. Capital assets are capitalized at historical cost or estimated cost, if historical cost is not available. The Sheriff maintains a threshold of \$1,000 or more for capitalizing capital assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CAPITAL ASSETS (Continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and building improvements	5 – 40
Vehicles	5
Boats and equipment	5 – 7
Office furniture and equipment	5 – 7
Law enforcement weapons and communications equipment	5 – 7

COMPENSATED ABSENCES

The Sheriff's office has the following policy relating to vacation and sick leave:

Employees earn vacation based on continuous service as follows:

<u>Time in Service</u>	<u>Vacation Earned</u>
Up to 3 years	10 days per year
4 to 10 years	15 days per year
Over 10 years	20 days per year

Annual leave cannot be accumulated and must be used in the year earned.

Sick leave is earned at a rate of one day per month of service and can be accumulated up to 90 days. Sick leave is lost upon termination. The cost of current leave privileges is recognized as a current-year expenditure in the General Fund when the leave is actually taken. At June 30, 2019, there are no accumulated and vested leave privileges to be accrued in accordance with generally accepted governmental accounting principles.

NET POSITION / FUND BALANCE

In the government-wide and proprietary fund financial statements, net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

1. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

NET POSITION / FUND BALANCE (Continued)

2. *Restricted net position* – consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, fund balance is classified in the following components:

1. *Nonspendable* – amounts that cannot be spent either because they are in nonspendable form (such as inventory and prepaids) or because they are legally or contractually required to be maintained intact.
2. *Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. *Committed* – amounts that can be used only for specific purposes determined by a formal decision of the Sheriff, which is the highest level of decision-making authority.
4. *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes, determined by the Sheriff.
5. *Unassigned* – the residual amount of fund balance which does not fall into one of the other components.

When an expenditure is incurred for the purposes for which restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in its committed or assignment actions.

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. All other interfund transactions are reported as transfers.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until that future time. A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Position. Noncurrent liabilities include other postemployment benefits, legal settlement payable, and net pension liability.

For purposes of measuring the other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefit expense are determined based on actuarial valuation. The Sheriff reports both deferred outflows of resources and deferred inflows of resources related to the other postemployment benefits liability calculation.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriffs' Pension and Relief Fund (SPRF) and changes in SPRF's fiduciary net position have been determined on the same basis as they are reported by SPRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2019, the following statement was implemented: GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings*. This statement changed the information that is disclosed in notes related to debt, including direct borrowings and direct placements. The following GASB statement was also effective, but did not impact the financial statements of the Sheriff: GASB Statement No. 83, *Certain Asset Retirement Obligations*.

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2. CASH AND CASH EQUIVALENTS:

At June 30, 2019, the Sheriff had cash and cash equivalents (book balances) totaling \$12,318,954 as follows:

	Government-Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Cash:			
Cash on hand	\$ 550	\$ -	\$ 550
Non-interest-bearing deposits	2,747,365	748,208	3,495,573
Cash equivalents	4,779,172	4,043,659	8,822,831
Total	<u>\$ 7,527,087</u>	<u>\$ 4,791,867</u>	<u>\$ 12,318,954</u>

Deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) of \$3,808,411 at June 30, 2019, were entirely secured by federal deposit insurance, pledged securities, and an irrevocable standby letter of credit.

Cash equivalents are stated at cost, which approximates market. Cash equivalents consist of the funds in Promontory Insured Cash Sweep accounts. Insured Cash Sweep (ICS) is a trusted, tested service utilized by financial institutions across the United States. Financial institutions that use ICS benefit from the Promontory Network advantage and the confidence of knowing that ICS is endorsed by the American Bankers Association and enjoys strategic marketing alliances with key trade associations across the United States. When a customer submits funds to a Promontory Network member (Gulf Coast Bank and Trust) for placements through ICS, that institution places the funds into deposit accounts at FDIC-insured banks that are also members of the ICS Network. This occurs in increments below the standard FDIC insurance maximum (\$250,000) so that both principal and interest are eligible for FDIC insurance. By working directly with just one institution (Gulf Coast Bank and Trust), the Sheriff is able to receive coverage from many. At June 30, 2019, the Sheriff's cash equivalent bank balances held in Promontory Insured Cash Sweep accounts were \$4,210,372.

For the year ended June 30, 2019, cash equivalents in the amount of \$4,620,842 consisted of local government pooled investments maintained by the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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2. CASH AND CASH EQUIVALENTS: (Continued)

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for investment pools:

1. Credit risk – Lamp is rated AAAM by Standard & Poor’s.
2. Custodial credit risk – LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk – Pooled investments are excluded from the 5 percent disclosure requirement.
4. Interest rate risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM (to reset) and the WAM (to final) for LAMP’s total investments was 33 days and 99 days, respectively, at June 30, 2019.
5. Foreign currency risk – Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP, Inc. is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP, Inc. administrative office at 800-249-5267.

For purposes of the statement of cash flows, the Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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3. DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units at June 30, 2019, consist of the following:

St. Bernard Parish Government	\$ 43,790
State of Louisiana	154,764
U.S. Government:	
Federal grants	1,604,754
Prisoner care	232,784
Total	\$ 2,036,092

4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land and building improvements	\$ 5,515,734	\$ -	\$ -	\$ 5,515,734
Vehicles	5,568,296	557,223	658,871	5,466,648
Boats and equipment	458,564	49,090	-	507,654
Office furniture and equipment	2,580,898	988,870	-	3,569,768
Law enforcement weapons and communications equipment	3,610,570	237,383	-	3,847,953
Total	17,734,062	1,832,566	658,871	18,907,757
Less: accumulated depreciation				
Land and building improvements	519,938	136,411	-	656,349
Vehicles	4,583,669	462,660	658,871	4,387,458
Boats and equipment	409,168	18,013	-	427,181
Office furniture and equipment	1,887,364	288,961	-	2,176,325
Law enforcement weapons and communications equipment	1,878,020	420,427	-	2,298,447
Total	9,278,159	1,326,472	658,871	9,945,760
Net capital assets	\$ 8,455,903	\$ 506,094	\$ -	\$ 8,961,997

ST. BERNARD PARISH SHERIFF  
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5. AD VALOREM TAXES:

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish government in June and are billed to taxpayers by the Sheriff in October. Billed taxes are due by December 31 becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Bernard Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2019, law enforcement taxes applicable to the Sheriff's General Fund were levied at the rate of 31.31 mills on property with net assessed valuations totaling \$355,558,959. Total law enforcement taxes levied during 2019 were \$11,132,653.

6. PENSION PLAN:

Plan Description

Substantially all employees of the St. Bernard Parish Sheriff's Office are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

Benefits Provided

*Retirement Benefits*

For members who become eligible for membership on or before December 31, 2011: members with twelve years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

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6. PENSION PLAN: (Continued)

Benefits Provided (Continued)

*Retirement Benefits* (Continued)

For members whose first employment making them eligible for membership in the System began on or after January 1, 2012, members with twelve years of creditable service may retire at age sixty-two; members with twenty years of service may retire at age sixty; members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service, the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

For a member whose first employment making him eligible for membership in the System began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the thirty-six-month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006 and before July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the sixty-month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began on or after July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the sixty-month period shall not exceed 115% of the preceding twelve-month period.

*Disability Benefits*

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

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6. PENSION PLAN: (Continued)

Benefits Provided (Continued)

*Survivor Benefits*

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following conditions. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children.

If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic Option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving Option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-three, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

*Deferred Benefits*

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

*Back Deferred Retirement Option Plan (Back-DROP)*

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

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6. PENSION PLAN: (Continued)

Benefits Provided (Continued)

*Back Deferred Retirement Option Plan (Back-DROP) (Continued)*

by the retirement fund during the Back-DROP period. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

*Cost of Living Adjustments*

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

Contributions

Plan members are required by state statute to contribute 10.25% of their annual covered salary and the St. Bernard Parish Sheriff is required to contribute at an actuarially determined rate. For the year ended June 30, 2019, the employer contribution rate is 12.25% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the St. Bernard Parish Sheriff are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The St. Bernard Parish Sheriff's contributions to the System for the year ending June 30, 2019, were \$1,559,378.

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

At June 30, 2019, the Sheriff reported a liability for the Louisiana Sheriffs' Pension and Relief Fund of \$7,046,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Sheriff's proportion of the net pension liability for the retirement system was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Sheriff's proportion for the Louisiana Sheriffs' Pension and Relief Fund was 1.837578%. This reflects an increase for the Louisiana Sheriffs' Pension and Relief Fund of 0.077470% from its proportion measured as of June 30, 2017.

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6. PENSION PLAN: (Continued)

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

For the year ended June 30, 2019, the Sheriff recognized pension expense, for which there were no forfeitures, as follows:

	Pension Expense
SPRF	<u>\$1,789,334</u>

At June 30, 2019, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SPRF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,978,054
Changes of assumptions	2,083,034	
Net difference between projected and actual earnings on pension plan investments	-	418,300
Changes in proportion and differences between employer and non-employer contributions and proportionate share of contributions	470,929	11,741
Employer and non-employer contributions subsequent to the measurement date	1,559,378	-
Total	\$ 4,113,341	\$ 2,408,095

During the year ended June 30, 2019, employer contributions totaling \$1,559,378 were made subsequent to the measurement date for the Louisiana Sheriffs' Pension and Relief Fund. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized in pension expense as follows:

	SPRF
Year ending June 30:	
2020	\$ 529,493
2021	141,943
2022	(652,156)
2023	5,440
2024	121,148
Total	\$ 145,868

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6. PENSION PLAN: (Continued)

Actuarial Assumptions

The total pension liability for the Louisiana Sheriffs' Pension and Relief Fund in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

	SPRF
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Expected remaining service lives	2018 - 6 years, 2017 - 7 years, 2016 - 7 years, 2015 - 6 years, 2014 - 6 years
Investment rate of return	7.25%, net of investment expense
Inflation rate	2.60% per annum
Projected salary increases	5.5% (2.60% Inflation, 2.90% merit)
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants, and beneficiaries RP-2000 Disabled Lives Mortality Table
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2014) experience study of the System's members.

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

ST. BERNARD PARISH SHERIFF  
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6. PENSION PLAN: (Continued)

Actuarial Assumptions (Continued)

Estimates of arithmetic real rates of return for each major asset class based on the Louisiana Sheriffs' Pension and Relief Fund's target asset allocation as of June 30, 2018 are as follows:

	Expected Rate of Return		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
	SPRF	SPRF	SPRF
Equity securities	62%	6.90%	4.30%
Fixed income	23%	3.20%	0.70%
Alternative investments	15%	4.50%	0.70%
Totals	100%		5.70%
Inflation			2.50%
Expected arithmetic nominal return			8.20%

Discount Rates

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

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

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.25%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	6.25%	7.25%	8.25%
SPRF	\$ 15,947,094	\$ 7,046,466	\$ (446,845)

ST. BERNARD PARISH SHERIFF  
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6. PENSION PLAN: (Continued)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Sheriff recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2019, the Sheriff recognized revenue as a result of support received from non-employer contributing entities of \$750,197 for its participation in the Louisiana Sheriffs' Pension and Relief Fund.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana Sheriffs' Pension and Relief Fund's 2018 Annual Financial Report, which may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana, 70802, or by calling (225) 219-0500.

Payables to the Pension Plan

At June 30, 2019, \$124,309 was payable to the Louisiana Sheriffs' Pension and Relief Fund for June 2019 employee and employer legally required contributions.

7. DEFERRED COMPENSATION PENSION FUND:

All employees of the St. Bernard Parish Sheriff are required by law to contribute to a pension fund. Those employees who are not sheriffs or deputies and therefore not eligible to participate in the Louisiana Sheriffs' Pension and Relief Fund (see note 6), have the option of participating in the Louisiana Public Employees' Deferred Compensation Plan, or the Public Employees Benefit Services Corporation Deferred Compensation Program.

The Louisiana Public Employees' Deferred Compensation Plan (the "Plan") was adopted by the Louisiana Deferred Compensation Commission, effective September 15, 1982. The Plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees and independent contractors by permitting such individuals to defer a portion of compensation to be invested and distributed in accordance with the terms of the Plan.

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7. DEFERRED COMPENSATION PENSION FUND: (Continued)

The plan document states that no fund or other account shall be established to provide benefits under the terms of the Plan. All compensation deferred under the Plan, all property and rights purchased with such amounts and all income attributed to such amounts, property or rights shall be held for the exclusive benefit of participants and their beneficiaries. The maximum amount of compensation, which may be deferred during a calendar year, is limited by the Internal Revenue Code. The amount of the compensation deferred is reduced by compensation excludible from a participant's gross income under Internal Revenue Code Section 403(b), if any, which is attributable to contributions made by the employer.

The following is a summary of the payrolls covered and contributions made to the plan during the year ended June 30, 2019:

Total covered payroll		<u>\$ 6,750</u>
	<u>Percent</u>	<u>Amount</u>
Contributions:		
Employer	5.0%	\$ 338
Employee	7.5%	506
Employee Additional		<u>1,200</u>
Total		<u>\$ 2,044</u>

The Public Employees Benefit Services Corporation Deferred Compensation Program (the Program) was adopted effective March 1, 1996. The Program was established in accordance with section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting such individuals to defer a portion of compensation to be invested and distributed in accordance with the terms of the Program.

All assets and income are held in a trust custodial account for the exclusive benefit of the participants and their beneficiaries. The maximum amount of compensation, which may be deferred during a calendar year, is limited by the Internal Revenue Code.

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7. DEFERRED COMPENSATION PENSION FUND: (Continued)

The following is a summary of the payrolls covered, deferrals, and employer contributions made to the Program during the fiscal year ended June 30, 2019:

Total covered payroll		<u>\$176,641</u>
	<u>Percent</u>	<u>Amount</u>
Contributions:		
Employer	5.0%	\$ 8,001
Employee	7.5%	13,248
Employee Additional		<u>30,166</u>
Total		<u>\$ 51,415</u>

Additional information relating to benefits payable under the Plans is provided in the Plan documents.

8. CHANGES IN AGENCY FUND BALANCES:

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

	Tax Collector <u>Fund</u>	Civil <u>Fund</u>	Cash Bond <u>Fund</u>	Inmate Deposit <u>Fund</u>	<u>Total</u>
Balance, July 1, 2018	\$ 5,117,214	\$ 210,828	\$ 233,298	\$ 71,636	\$ 5,632,976
Additions	92,659,697	1,611,471	99,740	244,550	94,615,458
Reductions	<u>93,314,449</u>	<u>1,625,482</u>	<u>88,592</u>	<u>286,238</u>	<u>95,314,761</u>
Balance, June 30, 2019	<u>\$ 4,462,462</u>	<u>\$ 196,817</u>	<u>\$ 244,446</u>	<u>\$ 29,948</u>	<u>\$ 4,933,673</u>

9. LITIGATION AND CLAIMS:

At June 30, 2019, the St. Bernard Parish Sheriff is a defendant in several lawsuits seeking damages. These lawsuits are in various stages of resolution; and since these cases and claims are characterized by conditions and complexities, estimation of the ultimate liability is extremely difficult. In cases where judgments have been reached, Louisiana courts have ruled that plaintiffs cannot seize the assets of the Sheriff. Accordingly, no provision for any liability that may result is made in the financial statements until the funds are appropriated by the Sheriff.

ST. BERNARD PARISH SHERIFF  
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9. LITIGATION AND CLAIMS: (Continued)

The Sheriff was a defendant in a case that was settled in December 2013 in which the Sheriff was liable for \$650,000. The settlement called for the first payment of \$100,000 that was paid in December 2013. The remaining portion was to be paid over a 10-year period starting with \$100,000 being due in December 2014. The remaining \$450,000 was to be paid over the following 9 years at \$50,000 a year, due each December. The entire liability of \$650,000 was accrued on the Sheriff's books at June 30, 2013. At June 30, 2019, \$250,000 of the liability remained on the Sheriff's books, with \$50,000 being due within the next year.

In June 2019, the Sheriff, in its role as the Ex Officio Tax Collector of St. Bernard Parish, reached a settlement agreement with a taxpayer for the refund of sales and use taxes that were overpaid to taxing authorities in prior years. The settlement agreement calls for a \$1,000,000 settlement to be paid to the taxpayer in sixty (60) equal monthly installments of \$16,667, with the first installment due on July 31, 2019. The monthly settlement payments will be considered reductions (refunds) within the Sheriff's Tax Collector Fund.

10. RISK MANAGEMENT:

The Sheriff is exposed to risks of loss in the areas of auto liability, professional law enforcement liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage which includes deductibles. Currently, the St. Bernard Parish Sheriff is a defendant in several insured claims in various stages of resolution which may be subject to the deductible limits. It is possible that the St. Bernard Parish Sheriff could have exposure of up to \$100,000 for the claims.

The Sheriff uses Internal Service Funds to account for insured and uninsured medical and auto claims. At June 30, 2019, the Auto Claims Fund had a deficit net position of \$41,948. This deficit will be eliminated by the Sheriff making additional contributions into the fund during future years.

11. DUE TO/FROM OTHER FUNDS:

The composition of interfund balances as of June 30, 2019 is as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ 1,055,102	\$ 6,986
Agency Fund:		
Tax Collector Fund	1,694	1,055,102
Cash Bond Fund	5,292	-
	<u>\$ 1,062,088</u>	<u>\$ 1,062,088</u>

The balance due to the General Fund from the Tax Collector Fund results from sales taxes, ad valorem taxes, and other taxes for the months of May and June 2019.

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JUNE 30, 2019

12. LEASES:

The Sheriff has entered into various operating leases for office equipment and office space in which operations are located. The minimum lease payments due under the leases at June 30, 2019, are as follows:

<u>Fiscal Year</u>	
2020	\$ 12,000
2021	12,000
2022	12,000
2023	12,000
2024	12,000
Thereafter	174,000
	<u>\$ 234,000</u>

Total lease expense incurred during the year ended June 30, 2019, was \$58,346.

13. FEDERAL ASSISTANCE:

The Sheriff participates in certain federal financial assistance programs. The programs have been audited in accordance with (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in prior years. Audits of prior years have not resulted in any disallowance of costs; however, the grantor agency may provide for further examinations. Based on past experience, the Sheriff believes that further examinations would not result in any material disallowed costs.

The Sheriff incurred various emergency expenses (primarily covering interim office rent, vehicle usage, and emergency supplies) related to Hurricane Katrina. In addition, all buildings and facilities owned by the Sheriff received significant storm damage. Most of these costs are eligible for reimbursement through the Federal Emergency Management Agency's (FEMA) Public Disaster Assistance Program. For the year ended June 30, 2019, claims totaling \$1,717,016 were filed with FEMA. At June 30, 2019, \$1,604,754 has been recorded as a receivable for current and prior year projects. These amounts relate to project worksheets where the work has been completed and the total loss can be estimated. Many projects are still ongoing as of the date of this report. The total amount of claims may ultimately be more or less than the amount noted due to various uncertainties (i.e. scope of loss, construction costs, etc.).

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description:

The St. Bernard Parish Sheriff provides certain continuing health care and life insurance benefits for its retired employees.

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14. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Plan Description: (Continued)

The St. Bernard Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees' rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided:

Medical and life insurance benefits are provided through an insured arrangement and are made available to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree only (not dependents). The employer also pays for life insurance coverage after retirement. Employees are covered by a retirement system whose retirement eligibility provisions are age 55 and 15 years of service.

Life insurance coverage is continued to retirees and the employer pays for the first \$10,000 of coverage. The retiree may elect to "pay" for the excess over \$10,000 while the employer pays for the first \$10,000 of life insurance after retirement, but both are based on the blended rate.

Employees Covered by Benefit Terms:

At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	37
Active employees	<u>319</u>
	<u>356</u>

Total OPEB Liability:

The Sheriff's total OPEB liability of \$13,494,868 was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.5% annually

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
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JUNE 30, 2019

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Actuarial Assumptions and Other Inputs: (Continued)

Healthcare cost trend rates      Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

Mortality rates were based on the 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2011 to June 30, 2019.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 12,668,670
Changes for the year:	
Service cost	397,958
Interest	439,313
Differences between expected and actual experience	222,695
Benefit payments, net transfers, and direct expenses	<u>(233,768)</u>
Net changes	<u>826,198</u>
Balance at June 30, 2019	<u>\$ 13,494,868</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
Total OPEB liability	\$ 16,103,762	\$ 13,494,868	\$ 11,482,297

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
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JUNE 30, 2019

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

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

	1.0% Decrease (4.5%)	Current Discount Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 11,395,890	\$ 13,494,868	\$ 16,206,927

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

For the year ended June 30, 2019, the Sheriff recognized OPEB expense of \$835,215. At June 30, 2019, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,974	\$ 234,210
Total	\$ 210,974	\$ 234,210

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

Years ending	
2020	\$ (2,056)
2021	(2,056)
2022	(2,056)
2023	(2,056)
2024	(2,056)
Thereafter	<u>(12,956)</u>
	<u>\$ (23,236)</u>

As of June 30, 2019, the Sheriff had no outstanding payable to the OPEB plan.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

15. EX-OFFICIO TAX COLLECTOR:

The amount of cash on hand at June 30, 2019, relating to ad valorem taxes and sales taxes was \$4,335,551. The bank balances of the Tax Collector Fund at June 30, 2019, consisted of:

Ad Valorem Taxes	\$	1,071,726
Sales Taxes		2,980,316
Other		283,509
Total	\$	4,335,551

The book balances of the Tax Collector Fund at June 30, 2019, consisted of:

Ad Valorem Taxes	\$	1,065,710
Sales Taxes		2,977,948
Other		282,290
Total	\$	4,325,948

The amount of ad valorem taxes collected and distributed during the year ended June 30, 2019, by taxing authority was as follows:

	<u>Millage</u>	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distribution</u>
St. Bernard Parish Assessor	1.86	\$ 639,934	\$ 825	\$ 639,109
St. Bernard Fire District Parish Wide	20.41	6,803,857	9,052	6,794,805
St. Bernard Parish Garbage District	3.05	1,016,739	1,353	1,015,386
St. Bernard Parish Health District	0.62	206,682	275	206,407
St. Bernard Parish Hospital Service District	8.16	2,720,211	3,619	2,716,592
Lake Borgne Levee District	11.33	3,772,803	5,025	3,767,778
St. Bernard Parish Library	3.75	1,250,098	1,663	1,248,435
St. Bernard Parish Lighting District	1.22	404,617	541	404,076
St. Bernard Parish Government	2.81	936,737	1,246	935,491
St. Bernard Parish Sheriff	31.31	10,554,180	13,886	10,540,294
St. Bernard Port, Harbor, & Terminal District	3.73	1,243,430	1,654	1,241,776
St. Bernard Parish Road District	3.05	1,016,739	1,353	1,015,386
St. Bernard Parish Recreation District	2.17	723,386	962	722,424
St. Bernard Parish School District	46.72	13,741,647	18,281	13,723,366
St. Bernard Parish Senior Citizens Center	0.94	313,356	417	312,939
Louisiana Tax Commission	0.70	27,703	-	27,703
St. Bernard Parish Fire District #1	7.42	1,995,990	2,698	1,993,292
St. Bernard Parish Fire District #2	8.31	531,211	664	530,547
Total		\$ 47,899,320	\$ 63,514	\$ 47,835,806

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

15. EX-OFFICIO TAX COLLECTOR: (Continued)

The amount of ad valorem taxes assessed and uncollected (delinquent) is as follows:

St. Bernard Parish Assessor	\$ 890
St. Bernard Fire District Parish Wide	9,762
St. Bernard Parish Garbage District	1,459
St. Bernard Parish Health District	297
St. Bernard Parish Hospital Service District	3,903
Lake Borgne Levee District	5,419
St. Bernard Parish Library	1,794
St. Bernard Parish Lighting District	584
St. Bernard Parish Government	1,344
St. Bernard Parish Sheriff	14,976
St. Bernard Port, Harbor, & Terminal District	1,784
St. Bernard Parish Road District	1,459
St. Bernard Parish Recreation District	1,038
St. Bernard Parish School District	19,715
St. Bernard Parish Senior Citizens Center	450
St. Bernard Parish Fire District #1	937
St. Bernard Parish Fire District #2	2,925
Total	<u>\$ 68,736</u>

The amount of revenue sharing and sales taxes collected and distributed during the year ended June 30, 2019, by taxing authority are as follows:

	<u>Total</u> <u>Collections</u>	<u>Collection</u> <u>Cost</u>	<u>Final</u> <u>Distribution</u>
St. Bernard Parish Assessor	\$ 7,351	\$ -	\$ 7,351
St. Bernard Parish Garbage District	15,789	-	15,789
St. Bernard Parish Hospital Service District	3,210	-	3,210
St. Bernard Parish Library	19,413	-	19,413
St. Bernard Parish Lighting District	6,316	-	6,316
St. Bernard Parish Government	16,069,127	1,481,311	14,587,816
St. Bernard Parish Road District	15,789	-	15,789
St. Bernard Parish Recreation District	11,234	-	11,234
St. Bernard Parish School District	16,123,528	1,164,752	14,958,776
St. Bernard Parish Fire District	14,847	-	14,847
St. Bernard Parish Sheriff	4,350,861	53,769	4,297,092
Lake Borgne Levee District	163,000	-	163,000
St. Bernard Port, Harbor, & Terminal District	125,000	-	125,000
St. Bernard Parish Sewer and Water District	4,013,645	370,328	3,643,317
Total	<u>\$ 40,939,110</u>	<u>\$ 3,070,160</u>	<u>\$ 37,868,950</u>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

16. PROPRIETARY FUNDS DEFICIT BALANCE:

The proprietary funds have a deficit balance of \$10,095 as of June 30, 2019. The Sheriff's office intends to cover this deficit balance with future operating revenues.

17. CHANGES IN LONG-TERM LIABILITIES:

The following is a summary of the changes in the Sheriff's long-term liabilities for the year ended June 30, 2019:

	Balance			Balance	Amounts
	July 1, 2018	Additions	Deletions	June 30, 2019	Due Within
					One Year
OPEB payable	\$ 12,668,670	\$ 1,059,966	\$ 233,768	\$ 13,494,868	\$ -
Legal settlement	300,000	-	50,000	250,000	50,000
Net pension liability	7,621,749	5,790,005	6,365,288	7,046,466	-
Total long-term liabilities	<u>\$ 20,590,419</u>	<u>\$ 6,849,971</u>	<u>\$ 6,649,056</u>	<u>\$ 20,791,334</u>	<u>\$ 50,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 9,700,000	\$ 10,500,000	\$ 10,655,084	\$ 155,084
Sales taxes	3,800,000	3,800,000	3,890,457	90,457
Intergovernmental revenues:				
Federal and state grants	2,200,000	1,800,000	2,095,238	295,238
State supplemental pay	1,250,000	1,200,000	1,175,776	(24,224)
State revenue sharing	330,000	330,000	336,965	6,965
Video poker	475,000	450,000	564,115	114,115
Fees, charges, and commissions for services:				
Commissions:				
Sales taxes, licenses, etc.	2,550,000	2,600,000	2,783,570	183,570
Prisoner care and maintenance	2,100,000	2,100,000	1,772,433	(327,567)
Civil and criminal fees and court costs	750,000	750,000	620,274	(129,726)
Detail income	600,000	650,000	700,236	50,236
Bond forfeitures	-	-	32,591	32,591
Interest	50,000	110,000	119,170	9,170
Other	600,000	600,000	710,556	110,556
Total revenue	<u>24,405,000</u>	<u>24,890,000</u>	<u>25,456,465</u>	<u>566,465</u>
Expenditures:				
Current				
Public safety:				
Personnel services and related benefits	17,900,000	18,600,000	18,896,131	(296,131)
Operating services	3,100,000	3,100,000	3,138,047	(38,047)
Materials and supplies	1,000,000	1,000,000	869,040	130,960
Travel and other charges	40,000	30,000	23,848	6,152
Capital outlay	2,200,000	2,000,000	1,832,566	167,434
Miscellaneous	115,000	100,000	44,301	55,699
Legal settlements	50,000	60,000	50,000	10,000
Total expenditures	<u>24,405,000</u>	<u>24,890,000</u>	<u>24,853,933</u>	<u>36,067</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>602,532</u>	<u>602,532</u>
Other financing sources:				
Proceeds from sale of assets	10,000	80,000	83,860	3,860
Total other financing sources	<u>10,000</u>	<u>80,000</u>	<u>83,860</u>	<u>3,860</u>
Excess of revenues and other financing sources over expenditures	10,000	80,000	686,392	606,392
Fund balances, beginning	<u>7,817,655</u>	<u>8,294,503</u>	<u>8,739,723</u>	<u>-</u>
Fund balance, ending	<u>\$ 7,827,655</u>	<u>\$ 8,374,503</u>	<u>\$ 9,426,115</u>	<u>\$ 606,392</u>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE SHERIFF'S NET  
 OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Total OPEB liability:		
Service cost	\$ 397,958	\$ 385,779
Interest	439,313	424,215
Differences between expected and actual experience	222,695	(261,757)
Benefit payments	(233,768)	-
Net change in total OPEB liability	826,198	548,237
Total OPEB liability - beginning	12,668,670	12,120,433
Total OPEB liability - ending	13,494,868	12,668,670
Covered-employee payroll	\$12,836,320	\$12,836,320
Total OPEB liability as a percentage of covered-employee payroll	105.13%	98.69%

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

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE SHERIFF'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
FOR THE SIX YEARS ENDED JUNE 30, 2019

<u>Fiscal</u> <u>Year</u>	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered- Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>SHERIFFS' PENSION AND RELIEF FUND</u>					
2019	1.837578%	\$ 7,046,466	\$ 12,647,756	55.7%	90.4%
2018	1.760108%	\$ 7,621,749	\$ 12,191,637	62.5%	88.5%
2017	1.723406%	\$ 10,938,277	\$ 11,770,009	92.9%	82.1%
2016	1.723741%	\$ 7,683,605	\$ 11,428,858	67.2%	86.6%
2015	1.713395%	\$ 6,785,053	\$ 10,642,010	63.8%	87.3%
2014	1.678593%	\$ 11,249,837	\$ 10,748,851	104.7%	77.2%

The schedule is intended to report information for ten years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of the previous fiscal year.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE SHERIFF'S PENSION CONTRIBUTIONS  
FOR THE SIX YEARS ENDED JUNE 30, 2019

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
<u>SHERIFFS' PENSION AND RELIEF FUND</u>					
2019	\$ 1,559,378	\$ 1,559,378	\$ -	\$ 12,729,582	12.25%
2018	\$ 1,612,561	\$ 1,612,561	\$ -	\$ 12,647,756	12.75%
2017	\$ 1,615,396	\$ 1,615,396	\$ -	\$ 12,191,637	13.25%
2016	\$ 1,618,380	\$ 1,618,380	\$ -	\$ 11,770,009	13.75%
2015	\$ 1,628,512	\$ 1,628,512	\$ -	\$ 11,428,858	14.25%
2014	\$ 1,478,173	\$ 1,478,173	\$ -	\$ 10,642,010	13.89%

The schedule is intended to report information for ten years. Additional years will be displayed as they become available.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019

1. BUDGETARY BASIS OF ACCOUNTING

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with the accounting principles generally accepted in the United States of America.

2. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 14 to the financial statements.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Changes in Benefit Terms

There were no changes in benefit terms during any of the years presented.

Changes of Assumptions

There were no changes of assumptions for any of the years presented.

3. LOUISIANA SHERIFFS' PENSION AND RELIEF FUND (PENSION)

Changes in Benefit Terms

There were no changes in benefit terms noted for the measurement period ended June 30, 2018.

There were no changes in benefit terms noted for the measurement period ended June 30, 2017.

The following changes in benefit terms were noted during the measurement period ended June 30, 2016:

- Act 323 of the 2016 Regular Session of the Louisiana Legislature added R.S. 11:2178(D)(4) related to disability benefits, retirement benefits, and death benefits of the Sheriffs' Pension and Relief Fund. Effective June 30, 2016, the Act provided the following:
  - That when a member dies in the line of duty because of an intentional violent act the surviving spouse or minor children or both shall be eligible to receive death benefit in accordance with new law.
  - That the surviving spouse shall be eligible to receive the greater of 50% of the member's final average compensation (FAC) or a reduced benefit as if the member had retired on the date of death.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019

3. LOUISIANA SHERIFFS' PENSION AND RELIEF FUND (PENSION) (Continued)

Changes in Benefit Terms (Continued)

- That if the member leaves a child or children in addition to the surviving spouse, the child or children shall be eligible to receive a benefit equaling the difference between the benefit received by the spouse and 100% of the member's FAC. The difference shall be divided equally among the children. New law further provides that in no case shall the benefit total be more than 100% of the member's FAC.
- That when a child reaches the age of 18, the benefit shall cease unless the child is enrolled as a full-time student in good standing at a board-approved or accredited school, college, or university and is under the age of 23.
- That in the event of the death of the surviving spouse while any eligible surviving child or children are still eligible to receive a benefit, the surviving spouse's portion of the death benefit shall be divided equally amongst all eligible children.
- That if there is no surviving spouse, any child or children shall be eligible to receive 100% of the member's FAC divided equally among the surviving children.
- That if there is no surviving spouse, the benefit payable to the minor child or children shall be paid to a trust satisfactory to the Fund and established by law.

The following changes in benefit terms were noted during the measurement period ended June 30, 2015:

- Act 136 of the 2015 Regular Session of the Louisiana Legislature amended R.S. 11:2175(C)(3)(c) and 2175.2(A)(3) and (C), and repealed R.S. 11:105(A)(5) related to Sheriffs' Pension and Relief Fund. Effective June 30, 2015, the Act provided the following:
  - For the purchase of a maximum of 5 years of certain service credits at the time of retirement. Prior law allowed the purchase of a maximum of 3 years of this service credit. Law requires the purchaser to pay the actuarial cost of the benefits purchased.

There were no changes in benefit terms noted for the measurement period ended June 30, 2014.

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019

3. LOUISIANA SHERIFFS' PENSION AND RELIEF FUND (PENSION) (Continued)

Changes of Assumptions

The following changes of assumptions were noted for the measurement period ended June 30, 2018:

- The investment rate of return was lowered from 7.50%, net of investment expense, to 7.25%, net of investment expense. The valuation interest rate was lowered from 7.40% to 7.25%. The inflation rate aspect of the 5.50% projected salary increases was lowered from 2.775% to 2.60%. The merit rate aspect of the 5.50% projected salary increases was increased from 2.725% to 2.90%. Expected remaining service lives was lowered from 7 years to 6 years.

The following changes of assumptions were noted for the measurement period ended June 30, 2017:

- The investment rate of return was lowered from 7.60%, net of investment expense, to 7.50%, net of investment expense. The valuation interest rate was lowered from 7.50% to 7.40%. The inflation rate aspect of the 5.50% projected salary increases was lowered from 2.875% to 2.775%. The merit rate aspect of the 5.50% projected salary increases was increased from 2.625% to 2.725%.

The following changes of assumptions were noted for the measurement period ended June 30, 2016:

- The investment rate of return was lowered from 7.70%, net of investment expense, to 7.60%, net of investment expense. The valuation interest rate was lowered from 7.60% to 7.50%. Expected remaining service lives was increased from 6 years to 7 years.

The following changes of assumptions were noted for the measurement period ended June 30, 2015:

- The valuation interest rate was lowered from 7.70% to 7.60%. Projected salary increases was lowered from 6.00% (3.00% inflation, 3.00% merit) to 5.50% (2.875% inflation, 2.625% merit).

The following changes of assumptions were noted for the measurement period ended June 30, 2014:

- The investment rate of return was lowered from 7.80%, net of investment expense, to 7.70%, net of investment expense. The valuation interest rate was lowered from 7.80% to 7.70%. The inflation rate aspect of the 6.00% projected salary increases was lowered from 3.25% to 3.00%. The merit rate aspect of the 6.00% projected salary increases was increased from 2.75% to 3.00%.

OTHER SUPPLEMENTARY INFORMATION

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SUPPLEMENTARY INFORMATION  
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

INTERNAL SERVICE FUNDS DESCRIPTIONS:

Auto Claims Fund

This fund provides coverage for property damage and personal injury cases caused by employees of the Sheriff. Limited coverage is provided through participation in the Louisiana Sheriff's Risk Management Program (a public entity risk pool). This program provides coverage on professional liability cases at the rate of \$100,000/claim and \$500,000/aggregate. For amounts in excess of this coverage, the Sheriff is self-insured. For auto loss claims, the Sheriff is self-insured up to \$50,000 per accident. Excess liability coverage is in effect for all claims over \$50,000, but not exceeding \$2,000,000. All claims are accounted for in this fund.

Medical Claims Fund

This fund pays medical claims of the Sheriff's employees and their covered dependents. The Sheriff is self-insured up to \$85,000 per claim. The Sheriff has a re-insurance policy with a private carrier which provides "stop-loss" coverage for claims exceeding \$85,000. Funding comes from the Sheriff's General Fund and from the charges for premiums collected from employees.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Medical Claims</u>	<u>Auto Claims</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash	\$ 240,870	\$ 48,056	\$ 288,926
Total assets	<u>240,870</u>	<u>48,056</u>	<u>288,926</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts and other accrued payables	209,017	90,004	299,021
Total liabilities	<u>209,017</u>	<u>90,004</u>	<u>299,021</u>
<b>NET POSITION (DEFICIT):</b>			
Unrestricted	<u>31,853</u>	<u>(41,948)</u>	<u>(10,095)</u>
Total net position (deficit)	<u>\$ 31,853</u>	<u>\$ (41,948)</u>	<u>\$ (10,095)</u>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Medical Claims</u>	<u>Auto Claims</u>	<u>Combined Total</u>
Operating revenues:			
Charges for services	\$ 3,598,964	\$ 165,000	\$ 3,763,964
Total operating revenues	<u>3,598,964</u>	<u>165,000</u>	<u>3,763,964</u>
Operating expenses:			
Public safety:			
Personnel services and related benefits	3,354,947	139,502	3,494,449
Professional services and administrative	97,326	15,000	112,326
Total operating expenses	<u>3,452,273</u>	<u>154,502</u>	<u>3,606,775</u>
Operating income	146,691	10,498	157,189
Nonoperating income:			
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	146,691	10,498	157,189
Net position (deficit), beginning of year	<u>(114,838)</u>	<u>(52,446)</u>	<u>(167,284)</u>
Net position (deficit), end of year	<u>\$ 31,853</u>	<u>\$ (41,948)</u>	<u>\$ (10,095)</u>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Medical Claims</u>	<u>Auto Claims</u>	<u>Combined Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from user departments and participants	\$ 3,598,964	\$ 165,000	\$ 3,763,964
Cash paid for claims	<u>(3,553,254)</u>	<u>(156,104)</u>	<u>(3,709,358)</u>
Net cash provided by operating activities	<u>45,710</u>	<u>8,896</u>	<u>54,606</u>
Net increase in cash and cash equivalents	45,710	8,896	54,606
Cash and cash equivalents at beginning of the year	<u>195,160</u>	<u>39,160</u>	<u>234,320</u>
Cash and cash equivalents at end of the year	<u>\$ 240,870</u>	<u>\$ 48,056</u>	<u>\$ 288,926</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 146,691	\$ 10,498	\$ 157,189
Decrease in accounts payable	<u>(100,981)</u>	<u>(1,602)</u>	<u>(102,583)</u>
Net cash provided by operating activities	<u>\$ 45,710</u>	<u>\$ 8,896</u>	<u>\$ 54,606</u>

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SUPPLEMENTRY INFORMATION  
FIDUCIARY FUND TYPE – AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

AGENCY FUNDS DESCRIPTIONS:

Tax Collector Fund

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

Civil Fund

The Civil Fund accounts for funds in connection with civil suits, Sheriff's sales and garnishments, and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Cash Bond Fund

The Cash Bond Fund accounts for the collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

Inmate Deposit Fund

The Inmate Deposit Fund accounts for the receipts and disbursements made to the individual prison inmate accounts.

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 FIDUCIARY FUND TYPE - AGENCY FUNDS  
 COMBINING STATEMENT OF NET POSITION  
FOR THE YEAR ENDING JUNE 30, 2019

	Tax Collector <u>Fund</u>	Civil <u>Fund</u>	Cash Bond <u>Fund</u>	Inmate Deposit <u>Fund</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,325,948	\$ 196,817	\$ 239,154	\$ 29,948	\$ 4,791,867
Due from other funds	1,694	-	5,292	-	6,986
Due from other taxing authorities	<u>134,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,820</u>
 Total assets	 <u>4,462,462</u>	 <u>196,817</u>	 <u>244,446</u>	 <u>29,948</u>	 <u>4,933,673</u>
 <b>LIABILITIES:</b>					
Due to other funds	1,055,102	-	-	-	1,055,102
Due to taxing bodies, prisoners, and others	<u>3,407,360</u>	<u>196,817</u>	<u>244,446</u>	<u>29,948</u>	<u>3,878,571</u>
 Total liabilities	 <u>4,462,462</u>	 <u>196,817</u>	 <u>244,446</u>	 <u>29,948</u>	 <u>4,933,673</u>
 NET POSITION	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 FIDUCIARY FUND TYPE - AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN DEPOSIT BALANCES  
 DUE TO TAXING BODIES AND OTHERS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Tax Collector Fund</u>	<u>Civil Fund</u>	<u>Cash Bond Fund</u>	<u>Inmate Deposit Fund</u>	<u>Total</u>
Additions:					
Deposits:					
Judicial sales and costs	\$ -	\$ 1,611,471	\$ -	\$ -	\$ 1,611,471
Bonds	-	-	99,740	-	99,740
Inmate deposits	-	-	-	244,550	244,550
Taxes, fees, etc., paid to tax collector	92,562,048	-	-	-	92,562,048
Interest	97,649	-	-	-	97,649
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total additions	92,659,697	1,611,471	99,740	244,550	94,615,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reductions:					
Taxes, fees, deposits distributed to taxing bodies and others	93,058,624	1,625,482	88,592	-	94,772,698
Deposits settled to inmates	-	-	-	279,865	279,865
Other reductions:					
Restitution and refunds	255,825	-	-	6,373	262,198
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total reductions	93,314,449	1,625,482	88,592	286,238	95,314,761
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change	(654,752)	(14,011)	11,148	(41,688)	(699,303)
Deposit balances due to taxing bodies and others:					
Balances, beginning of year	5,117,214	210,828	233,298	71,636	5,632,976
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
BALANCES, END OF YEAR	\$ 4,462,462	\$ 196,817	\$ 244,446	\$ 29,948	\$ 4,933,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2019

Agency head name:

Sheriff James J. Pohlmann

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 160,338
Benefits - insurance	5,233
Benefits - retirement	20,443
Registration fees	720
Conference travel	1,815
Other	<u>115</u>
	<u>\$ 188,664</u>

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
AFFIDAVIT  
FOR THE YEAR ENDED JUNE 30, 2019



St Bernard Parish Sheriff's Office

James Pohlmann, Sheriff

STATE OF LOUISIANA, PARISH OF ST. BERNARD

AFFIDAVIT

JAMES J. POHMANN, SHERIFF OF ST. BERNARD

**BEFORE ME**, the undersigned authority, personally came and appeared, James J. Pohlmann, the Sheriff of St. Bernard Parish, State of Louisiana, who after being duly sworn, deposed, and said:

**The following information is true and correct:**

**\$4,335,551 is the amount of cash on hand in the tax collector accounts on June 30, 2019;**

He further deposed and said:

**All itemized statements of the amount of taxes collected for tax year 2018, by taxing authority, are true and correct.**

**All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.**

A handwritten signature in blue ink, appearing to read 'James J. Pohlmann', written over a horizontal line.

James J. Pohlmann  
Sheriff of St. Bernard Parish

**SWORN** to and subscribed before me, Notary, this 17th day of December 2019, in my office in the City of Chalmette, Louisiana.

A handwritten signature in blue ink, appearing to read 'JoAnn C. Lane', written over a horizontal line.

JoAnn C. Lane  
Notary Public

Notary ID or Bar Roll No: 40365

2024 (Commission)

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantors' Award Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the State of Louisiana:			
FEMA Public Assistance Grant	97.036	N/A	\$ 1,717,016
<u>U.S. Department of Justice</u>			
Drug Enforcement Administration			
Equitable Sharing Program	16.922	N/A	<u>57,680</u>
 TOTAL FEDERAL AWARDS			 <u>\$ 1,774,696</u>

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of the St. Bernard Parish Sheriff under programs of the federal government for the year ended June 30, 2019. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the St. Bernard Parish Sheriff, it is not intended to and does not present the financial position, changes in net assets, of cash flows of the St. Bernard Parish Sheriff.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of the St. Bernard Parish Sheriff has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. Expenditures are recognized when incurred.

3. INDIRECT COST RATE:

The St. Bernard Parish Sheriff has elected not to use 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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INDEPENDENT AUDITOR'S 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*

December 30, 2019

Honorable James J. Pohlmann  
St. Bernard Parish Sheriff  
Chalmette, Louisiana

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 30, 2019.

**Internal Control Over Financial Reporting**

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

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*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 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. We did identify a deficiency in internal control described in the accompanying schedule of findings that we consider to be a significant deficiency: 2019-01.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana



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

December 30, 2019

Honorable James J. Pohlmann  
St. Bernard Parish Sheriff  
Chalmette, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the St. Bernard Parish Sheriff (the Sheriff)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Sheriff's major federal programs for the year ended June 30, 2019. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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## ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the St. Bernard Parish Sheriff's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## ***Opinion on Each Major Federal Program***

In our opinion, the St. Bernard Parish Sheriff complied, in all material respects, with the types of compliance requirements referred above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## **Report On Internal Control over Compliance**

Management of the St. Bernard Parish Sheriff 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 Sheriff'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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Bernard Parish Sheriff's internal control over compliance.

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

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

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

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana



ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS:

2019-01: RECORDKEEPING OF CAPITAL ASSET DISPOSALS

Criteria: Detailed capital asset records are an important management tool in maintaining control over capital assets. The detailed records should be updated each time a capital asset is purchased, sold, or discarded. The preparation of detailed capital asset records aids in the accounting for capital asset additions and disposals and provides controls for the safeguarding of capital assets. Capital asset additions, sales, and disposals are to be recorded in the government-wide financial statements, along with depreciation expense on those capital assets.

Condition: During the performance of our audit, we noted that detailed records could not be located for a number of capital assets that were sold at public auction during the year ended June 30, 2019. A total amount of monies received for capital assets sold at auction was recorded on the financial statements, but a breakdown of the allocation of the monies received for each capital asset sold could not be provided.

Cause: The detail of the sale documentation was misplaced and could not be located during the performance of the audit.

Effect: Gains or losses on each capital asset item sold may not be properly stated and improperly classified on the financial statements. In the current year, all capital asset items sold were fully depreciated, resulting in gains for each capital asset sold, but that may not always be the case in subsequent years.

Recommendation: We recommend that management maintain detailed records of all capital asset items sold, which should include a description of the capital asset sold, the date sold, and the amount of monies received for each individual capital asset sold.

Management Response: When capital assets are sold or disposed of, management will obtain the proper documentation of the sale or disposal and maintain the documentation in a file. When capital assets are reconciled each year, management will verify that all disposals are properly accounted for and supported by documentation.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD RPOGRAMS:

None

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD RPROGRAMS:

None

ST. BERNARD PARISH SHERIFF

CHALMETTE, LOUISIANA

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2019

ST. BERNARD PARISH SHERIFF

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# Duplantier Hrapmann Hogan & Maher, LLP

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

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December 24, 2019

Honorable James J. Pohlmann  
St. Bernard Parish Sheriff and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the St. Bernard Parish Sheriff (the Sheriff) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Sheriff's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

- 1) We obtained the Sheriff's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

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**Written Policies and Procedures** (Continued)

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchases; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) *Disbursements*, including processing, reviewing, and approving.
- d) *Receipts/Collections*, including receiving, recording, and preparing deposits.
- e) *Payroll/Personnel*, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Sheriff's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Upon applying the agreed upon procedures above, we noted the following:

- The Sheriff has written policies and procedures over contracting; however, the written policies and procedures did not address the following: (1) legal review or (2) monitoring process.

**Written Policies and Procedures** (Continued)

- The Sheriff has written policies and procedures over ethics; however, the written policies and procedures did not address the following: (1) documentation relating to the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 (2) documentation relating to actions to be taken if an ethics violations takes place (3) documentation relating to system to monitor possible ethics violations.
- The Sheriff has written policies and procedures over disaster recovery/ business continuity; however, the written policies and procedures did not address the following: (1) documentation relating to of timely application of all available system and software patches/updates.

Management's Response:

The Sheriff will update its written contracts policy, ethics policy, and disaster recovery policy to include the additional procedures as recommended.

**Bank Reconciliations**

- 2) We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
  - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;
  - b) Bank reconciliations included evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;
  - c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than twelve months from the statement closing date, if applicable.

Upon applying the agreed upon procedures above, we noted the following:

Of the five bank reconciliations we examined we noted that the payroll account and the live fingerprint scan account are not printed but kept online. Because they are not printed we could not determine the following for these two accounts:

- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date.

**Bank Reconciliations** (Continued)

- Bank reconciliations include written evidence that they have been reviewed by a member of management or board.
- Evidence that management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve months.

**Management's Response:**

Although there is no written evidence on the bank reconciliations themselves the CFO reviews these reconciliations within the system which are prepared within two months of month ending. The Sheriff's office also follows up on items outstanding items.

**Collections**

- 3) We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

No findings were noted as a result of applying the procedure above.

- 4) For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No findings were noted as a result of applying the procedure above.

**Collections** (Continued)

- 5) We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No findings were noted as a result of applying the procedure above.

- 6) Using the collection locations selected for testing, we randomly selected two deposit dates for each bank account selected from procedure number 3 above. We obtained supporting documentation for each of the ten deposits and:
- a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Traced the actual deposit per the bank statement to the general ledger.

Upon applying the agreed upon procedures above, we noted the following:

- Two of twelve instances of deposits not being made within one business day. One was made in two days, the other three days.

Management's Response:

Management will implement procedures to insure deposits are made on a timely basis.

**Non-Payroll Disbursements – General (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)**

- 7) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

No findings were noted as a result of applying the procedure above.

- 8) For each location selected under number 7 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We also obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:

**Non-Payroll Disbursements – General (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)** (Continued)

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Upon applying the agreed upon procedures above, we noted the following:

- One employee responsible for processing payments is not prohibited from adding/modifying vendor files.
- The individual responsible for processing (processing checks includes applying digital signature) checks also mails the checks.

Management's Response:

The comment noted above is due to the Sheriff's limited accounting staff. The Sheriff's accounting staff is knowledgeable about the accounting software used. Management will develop internal procedures to ensure that new vendors are pre-approved by someone other than the individual processing payments. Management will also oversee that employee responsible for processing/signing checks will not mail the signed checks.

- 9) For each location selected under number 8 above, we obtained the Sheriff's non-payroll disbursement transaction population (excluding cards and travel reimbursement) and obtained management's representation that the population is complete. We randomly selected five disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence of segregation of duties tested under procedure number 8 above, as applicable.

**Non-Payroll Disbursements – General (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)** (Continued)

Upon applying the agreed upon procedures above, we noted that disbursement documentation does not include evidence of segregation of duties.

Management's Response:

The comment noted above is due to the Sheriff's limited accounting staff. The Sheriff's accounting staff is knowledgeable about the accounting software used. Management will develop internal procedures to ensure evidence of segregation of duties.

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

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

Upon applying the agreed upon procedures above, we did not receive a listing of all active cards or names of people who maintain possession of fuel cards. Fuel cards are kept in patrol cars. The Sheriff uses a fleet fuel card which identifies the card with the vehicle. The Sheriff receives and reviews a weekly report listing the vehicle, driver, location, and amount of fuel transactions.

Management's Response:

The Sheriff will continue the policy of assigning fuel cards to vehicles within the Sheriff's fleet. The Sheriff considers this policy to be in line with best practices in the Sheriff's operations of public safety. Internal safeguards of the fuel vendor account are in place and the Sheriff's Management will continue to monitor the account on a weekly basis.

- 11) Using the listing prepared by management, we randomly selected all cards that were used during the fiscal period. Further, we randomly selected one monthly statement or combined statement for each card (for a debit card, we randomly selected one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observed that the finance charges and late fees were not assessed on the selected statements.

Upon applying the agreed upon procedures above, we noted that there is no evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards** (Continued)

Management's Response:

The Sheriff's policy over credit cards requires that approval is necessary prior to charging any items on a credit card and that all invoices are to be submitted prior to making any payments on a credit card statement. Due to the mitigating controls already in place, the Sheriff does not consider signature approval on the actual monthly statements to be necessary.

- 12) Using the monthly statements or combined statements selected under number 11 above, excluding fuel cards, we randomly selected ten transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by:
- a) An original itemized receipt that identifies precisely what was purchased.
  - b) Written documentation of the business/public purpose.
  - c) Documentation of the individuals participating in meals (for meal charges only).

Upon applying the agreed upon procedures above, we noted the following:

- There was no written documentation of the business/public purpose on twenty-seven credit card transactions.
- An original itemized receipt was not present for all of the transactions for one credit card.

Management's Response:

Based upon the results of the testing performed, management has determined that it will implement better procedures as to formally documenting the business/public purpose of credit card transactions and keeping itemized receipts.

**Travel and Travel-Related Expense Reimbursements**

- 13) We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing and general ledger is complete. We randomly selected five reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration.

**Travel and Travel-Related Expense Reimbursements**

- b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy.
- d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Upon applying the agreed upon procedures above, we noted the following:

- One instance when there was no documentation of business purpose.
- Four instances of no evidence that the reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement.

**Management's Response:**

Based upon the results of the testing performed, management has determined that it will implement better procedures as to formally documenting the purpose of the expenditure before payment and having secondary approval of reimbursements to employees.

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

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

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana