

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**Financial Statements
For Year Ended June 30, 2017
With Supplemental Information Schedules**

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Table of Contents
June 30, 2017

	<u>Statement/ Schedule</u>	<u>Page</u>
Independent Auditor's Report		2-3
<u>Required Supplemental Information (Part I)</u>		
Management's Discussion and Analysis		5-11
<u>Basic Financial Statements:</u>		
Governmental Funds Balance Sheet / Statement of Net Position	A	13
Reconciliation of the Governmental Funds Balance Sheet to Government-wide Statement of Net Position	B	14
Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances / Statement of Activities	C	15
Reconciliation of the Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	D	16
Statement of Fiduciary Net Position	E	17
<u>Notes to the Financial Statements:</u>		
Notes to the Financial Statements		19-39
<u>Required Supplemental Information (Part II)</u>		
Budgetary Comparison Schedule - General Fund	1	41
Schedule of Funding Progress for Retiree Health Plan	2	42
Schedule of Proportionate Share of Net Pension Liability	3	43
Schedule of Pension Contributions	4	44
Notes to Required Supplemental Information		45
<u>Other Supplemental Information</u>		
Other Nonmajor Special Revenue Funds		47
Governmental Fund Type- Nonmajor Special Revenue Funds Combining Balance Sheet	5	48
Governmental Fund Type – Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	6	49

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Table of Contents
June 30, 2017

Other Supplemental Information (continued)

Fiduciary Fund Type – Agency Funds		50
Fiduciary Fund Type – Statement of Changes in Unsettled Deposits	7	51
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	8	52
Annual Reporting Requirement of Sheriff as Ex Officio Tax Collector to Legislative Auditor	9	53

Other Reports Required By Government Auditing Standards

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 <i>Government Auditing Standards</i>		55-56
Schedule of Findings and Responses		57
Schedule of Prior Year Findings		58
<u>Other Report</u>		
Independent Accountant's Report on Applying Agreed-Upon Procedures		60-70



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, LA 71052

318-872-3007

Independent Auditor's Report

Honorable Rodney G. Arbuckle
DeSoto Parish Sheriff
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information Part I

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as required supplementary information part I, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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 management's discussion and analysis 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.

Required Supplementary Information Part II and Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Sheriff's basic financial statements. The required supplementary information—part II, as listed in the table of contents, and the other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The required supplemental information—part II and the other supplementary information, as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary—part II and the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of the DeSoto 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeSoto Parish Sheriff's internal control over financial reporting and compliance.

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated December 28, 2017 on pages 60 through 70.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 28, 2017

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

DeSoto Parish Sheriff
Mansfield, Louisiana
FYE June 30, 2017

Management's Discussion and Analysis (Unaudited)

Within this section of the DeSoto Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative overview and analysis of the financial activities of the Sheriff as of and for the fiscal year ended June 30, 2017. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Sheriff's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position increased \$1,705,098 (3.63%) during the fiscal year reported compared to an increase of \$1,533,426 (3.38%) at June 30, 2016, and \$3,778,945 (7.95%) at June 30, 2015. At June 30, 2017, the assets of the Sheriff exceeded its liabilities by \$48,646,895 compared to the prior year's ending net position of \$46,941,797.
- The 2017 annual pension expense of \$2,045,311 was recorded for the year. The net liability is reported as a long-term liability of \$7,367,691 in the Statement of Net Position.
- The 2017 annual OPEB expense of \$920,459 was recorded for the year. The unfunded liability is reported as a long-term liability of \$6,014,156 in the Statement of Net Position.
- Property tax revenue decreased \$315,611 (3.53%) to \$8,615,090 during the fiscal year reported and has decreased \$548,111 (5.98%) since year ended June 30, 2015.
- Sales tax revenue increased \$527,236 (15.12%) to \$4,015,272 during the fiscal year reported compared to a decrease of \$1,428,184 (29.05%) to \$3,488,036 at June 30, 2016, and an increase of \$221,963 (4.73%) to \$4,916,220 at June 30, 2015.
- The Sheriff's total general and program revenues were \$17,163,758 during the year ended June 30, 2017, compared to \$16,726,084 and \$17,755,412 during years ended June 30, 2016, and June 30, 2015, respectively.
- During the year ended June 30, 2017, the Sheriff's total expenses, excluding depreciation, was \$14,681,460, compared to \$14,428,845 and \$13,191,531 during years ended June 30, 2016 and June 30, 2015, respectively. Depreciation expense was \$777,201 in 2017; \$763,813 in 2016; and \$784,936 in 2015.
- The Sheriff's governmental funds report ending fund balance this year of \$52,645,264. This compares to the prior year ending fund balance of \$50,224,445.
- The Sheriff's capital assets had a net decrease of \$163,961 for the year ended June 30, 2017, increase of \$138,140 for year ended June 30, 2016, and increase of \$12,487 for the year ended June 30, 2015.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Sheriff -- Fund Financial Statements and Government-Wide Financial Statements. The Notes to the Financial Statements explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information (budgetary schedule) and other supplementary information in addition to the basic financial statements. These components are described below:

Governmental 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.

Governmental funds are reported in the governmental 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 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 commitment of spendable resources for the near-term.

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 operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented in the first three columns of the basic financial statements in this report.

The Sheriff maintains five governmental funds: the General Fund and four special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund which is classified as a major fund. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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. These statements report all revenues and expenses connected with the year--even if cash has not been received or paid--and includes all assets of the Sheriff as well as liabilities (long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements. The following two statements report the Sheriff's *net position* and changes in them. The Sheriff's net position--the difference between assets and liabilities--can be thought of as one way to measure the Sheriff's financial health, or *financial position*.

- **Statement of Net Position.** This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net position. 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 also extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.
- **Statement of Activities.** This reports how the Sheriff's net position changed during the current 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 revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 13 and 15 in the last column of these report.

Fiduciary Fund Types Financial Statements

The Fiduciary fund financial statements report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The fiduciary fund financial statement of net position is presented as a basic financial statement in this report. The fiduciary fund statement of changes in unsettled deposits is presented as other supplemental information.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplemental Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information concerning the Sheriff's budget presentations and retiree health benefits. Budgetary comparison statements are included for the general fund as "required supplementary information." This statement is a schedule demonstrating compliance with the Sheriff's adopted and final revised budget.

Other Supplemental Information

Following the required supplementary information is supplementary information including a combining balance sheet for other governmental funds, a combining statement of revenues, expenditures and changes in fund balances for other governmental funds, and a statement of changes in unsettled deposits for the fiduciary funds. Then a report for the Sheriff as ex officio tax collector is presented as required by the Louisiana Legislative Auditor. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

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

As noted earlier, net position may serve over time as a useful indicator of the Sheriff's financial position. The Sheriff's net position total is \$48,646,895 at June 30, 2017.

A portion of the Sheriff's net position \$6,115,277 (12.57%) reflects its investment in capital assets such as safety equipment, vehicles, and computer hardware and software. The Sheriff uses these capital assets to provide services to the citizens of the parish; consequently, these assets are not available for future spending. There is no outstanding debt related to these assets. At June 30, 2017, \$42,505,988 is unrestricted and may be used to meet the Sheriff's ongoing obligations to citizens and creditors at the discretion of the Sheriff. The unrestricted net position consists primarily of cash, demand and time deposits, and investments in the Louisiana Asset Management Plan (LAMP).

SUMMARY OF STATEMENTS OF NET POSITION

	June 30, 2017		June 30, 2016		June 30, 2015	
	Governmental Activities	% of Total	Governmental Activities	% of Total	Governmental Activities	% of Total
ASSETS						
Cash and interest-bearing deposits	\$ 47,172,976	79.64%	\$ 45,602,003	79.40%	\$ 43,808,340	78.93%
Investments	4,798,068	8.10%	4,762,709	8.29%	4,733,010	8.53%
Receivables	1,095,931	1.85%	759,868	1.32%	798,735	1.44%
Prepaid items	52,129	0.09%	25,865	0.05%	24,626	0.04%
Capital assets, net	6,115,277	10.32%	6,279,238	10.93%	6,141,098	11.06%
TOTAL ASSETS	59,234,381	100.00%	57,429,683	100.00%	55,505,809	100.00%
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	4,096,527	100.00%	1,994,927	100.00%	1,770,840	100.00%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,096,527	100.00%	1,994,927	100.00%	1,770,840	100.00%
LIABILITIES						
Current liabilities:						
Accounts and other accrued payables	231,791	1.67%	782,199	6.94%	616,958	6.56%
Long-term liabilities:						
Compensated absences	287,203	2.07%	255,559	2.27%	292,846	3.12%
Other postemployment benefit obligations	6,014,156	43.26%	5,093,697	45.22%	4,191,334	44.60%
Net pension liabilities	7,367,691	53.00%	5,131,677	45.56%	4,296,974	45.72%
TOTAL LIABILITIES	13,900,841	100.00%	11,263,132	54.44%	9,398,112	54.28%
DEFERRED INFLOWS OF RESOURCES						
Pension related	783,172	100.00%	1,219,681	100.00%	2,470,166	100.00%
TOTAL DEFERRED INFLOWS OF RESOURCES	783,172	100.00%	-		2,470,166	
NET POSITION						
Net investment in capital assets	6,115,277	12.57%	6,279,238	13.38%	6,141,098	13.52%
Restricted for other uses	25,630	0.05%	26,453	0.06%	31,813	0.07%
Unrestricted	42,505,988	87.38%	40,636,106	86.57%	39,235,460	86.41%
TOTAL NET POSITION	\$ 48,646,895	100.00%	\$ 46,941,797	100.00%	\$ 45,408,371	100.00%

Changes In Net Position

Comparative data for government-wide information is presented as it accumulates and is presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net position:

	SUMMARY OF STATEMENTS OF ACTIVITIES					
	<u>June 30, 2017</u>		<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Governmental Activities</u>	<u>% of Total</u>	<u>Governmental Activities</u>	<u>% of Total</u>	<u>Governmental Activities</u>	<u>% of Total</u>
REVENUES:						
Program:						
Charges for services/fines	\$ 2,558,293	14.91%	\$ 2,254,990	13.48%	\$ 2,214,093	12.47%
Operating and capital grants	1,067,244	6.22%	1,254,694	7.50%	1,123,175	6.33%
General:						
Property taxes	8,615,090	50.19%	8,930,701	53.39%	9,163,201	51.61%
Sales tax	4,015,272	23.39%	3,488,036	20.85%	4,916,220	27.69%
Video poker	121,785	0.71%	139,337	0.83%	133,278	0.75%
Unrestricted state grants	51,164	0.30%	49,614	0.30%	51,748	0.29%
Interest	142,816	0.83%	145,699	0.87%	121,153	0.68%
Miscellaneous	592,094	3.45%	463,013	2.77%	32,544	0.18%
TOTAL REVENUES	17,163,758	100%	16,726,084	100%	17,755,412	100%
PROGRAM EXPENSES:						
Public safety	(15,458,660)		(15,192,658)		(13,976,467)	
TOTAL EXPENSES	(15,458,660)		(15,192,658)		(13,976,467)	
CHANGE IN NET POSITION	1,705,098		1,533,426		3,778,945	
BEGINNING NET POSITION	46,941,797		45,408,371		47,514,621	
NET POSITION ADJUSTMENT	-		-		-5,885,195	
ENDING NET POSITION	\$ 48,646,895		\$ 46,941,797		\$ 45,408,371	

Revenues

The Sheriff is heavily reliant on sales and property taxes to support operations. Sales tax revenue dedicated to personnel salaries provided \$4,015,272 (23.39%) of revenue during the current fiscal year. This was an increase of \$527,236 (15.12%) over the year ended June 30, 2016, and a decrease of \$900,948 (18.33%) over the year ended June 30, 2015. Property taxes provided 50.19% of the Sheriff's total revenues. \$13,538,221 (79.88%) of total revenue was derived from general revenues including property and sales tax, video poker, state revenue sharing, interest and miscellaneous. This compares to general revenues of \$13,216,400 (79.02%) in June 30, 2016, and \$14,418,144 (81.20%) in June 30, 2015.

Note that program revenues covered 23% of the government's operating expenses for year end June 30, 2017, compared to 23% and 24% for the years ended June 30, 2016 and June 30, 2015, respectively. This means that the government's taxpayers and the Sheriff's other general revenues funded 77% of its operations during the year ended June 30, 2017; 77% for year ended June 30, 2016 and; 76% for year ended June 30, 2015.

Interest earnings of \$142,816 were generated to support governmental activities for year end June 30, 2017, comparable to prior years.

Functional Expenses

The total function of the Sheriff's office is public safety-law enforcement activities. Of the total costs, depreciation on the office equipment and vehicles was \$777,201 or 5% of total expenses.

FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

General Fund--Major Governmental Fund

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2017 fund balance increased by \$2,351,509. Overall, revenues from all sources increased \$497,741 for the year. Expenditures reflect an decrease of \$383,348 over last year, or about 2.7%.

Non-major Governmental Funds

The other non-major funds that the Sheriff's office maintains are those related to DARE, Task Force activities, and Criminal Interdiction. The Tri-Parish Task Force is set up for narcotics investigations, and is funded by grants from the three parishes involved. DARE's primary activities are for the salary and expenses related to a deputy for drug intervention/education for children. The revenue and expenses for this fund have remained fairly constant. The Criminal Interdiction Fund is comprised of monies released that were held from drug seizures. The General Fund transferred monies to the task force to continue their operations.

The non-major Special Revenue Funds' revenues (detailed in Schedule 6 as supplemental information) increased by \$808 over 2016 and expenditures decreased by \$62,230. The general fund transferred \$10,000 to these special revenue funds in 2017. The net effect, after other financing sources effects, was a fund balance increase of \$69,310 for 2017 versus the 2016 net increase of \$81,272.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Sheriff complies with state law, as amended, and as set forth in the Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA--R.S. 39:1301 seq.). The Sheriff did not amend the original budget during the year.

Actual revenues and other financing sources available for expenditure were \$1,088,475 (14.07%) more than originally budgeted. Actual expenditures and other financing uses were \$1,160,784 (7.62%) less than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Sheriff's investment in capital assets, as of June 30, 2017, was \$10,575,784, net of accumulated depreciation of \$4,460,507, leaving a book value of \$6,115,277. This investment in capital assets consists of safety equipment, vehicles, office furniture and equipment, farm, training and communications equipment, buildings and improvements, and computer hardware and software. The total increase in the Sheriff's investment in capital assets for the current year was \$163,961 (2.61%).

Additions to capital assets during year end June 30, 2017, included 6 vehicles for \$202,260, a communication tower on Cotton Belt Road for \$408,498, and other various safety equipment for \$37,678.

Depreciation charges for the year totaled \$777,201 compared to \$763,813 and \$784,936 for 2016 and 2015, respectively.

At June 30, 2017, the depreciable capital assets for governmental activities were 42.18% depreciated versus 38.73% and 34.30% in the prior two years. This comparison indicates that the Sheriff is replacing his assets at a steady rate. This percentage is a positive indicator.

Debt

At year end, the Sheriff's long-term debt is due to employees for uncompensated earned absences and for accrued health care and life insurance benefits and pension benefits for retirees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The annual budget is developed to provide efficient, effective and economic uses of the Sheriff's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Sheriff sets the direction of the department, allocates its resources, and establishes its priorities. The following economic factors were considered when the budget for the fiscal year end June 30, 2018, was prepared.

- Sales tax and property revenues are conservatively expected to remain constant over the prior year.
- The Sheriff plans to continue to update the vehicles in the department as well as update equipment.
- Other revenues and expenditures are expected to be consistent with the prior year.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, compliance with governmental financial reporting laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Rodney Arbuckle, Sheriff, 205 Franklin, Mansfield, LA 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH SHERIFF

Mansfield, Louisiana

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2017

	Governmental Funds Financial Statements				Government-wide
	Balance Sheet			Adjustments	Statements
	General Fund	Nonmajor Funds	Total		Statement of Net Position
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 46,746,825	\$ 426,151	\$ 47,172,976	\$ -	\$ 47,172,976
Investments	4,798,068	-	4,798,068	-	4,798,068
Accounts receivables	1,092,165	3,766	1,095,931	-	1,095,931
Prepaid expenses	52,129	-	52,129	-	52,129
Noncurrent assets:					
Capital assets, net of accumulated depreciation	-	-	-	6,115,277	6,115,277
TOTAL ASSETS	\$ 52,689,187	\$ 429,917	\$ 53,119,104	6,115,277	59,234,381
DEFERRED OUTFLOWS OF RESOURCES					
Pension related				4,096,527	4,096,527
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					\$ 63,330,908
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 87,060	\$ -	\$ 87,060	-	\$ 87,060
Payroll related liabilities	144,731	-	144,731	-	144,731
Noncurrent liabilities:					
Unavailable ad valorem taxes	242,049	-	242,049	(242,049)	-
Compensated absences	-	-	-	287,203	287,203
Other postemployment benefit obligations	-	-	-	6,014,156	6,014,156
Net pension liability	-	-	-	7,367,691	7,367,691
TOTAL LIABILITIES	473,840	-	473,840	13,427,001	13,900,841
DEFERRED INFLOWS OF RESOURCES					
Pension related				783,172	783,172
FUND BALANCE/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaid expenses	52,129	-	52,129	(52,129)	-
Restricted:					
DARE program	-	25,630	25,630	(25,630)	-
Assigned:					
Drug task force	-	290,082	290,082	(290,082)	-
Criminal Interdiction	-	114,205	114,205	(114,205)	-
Unassigned	52,163,218	-	52,163,218	(52,163,218)	-
TOTAL FUND BALANCES	52,215,347	429,917	52,645,264	(52,645,264)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 52,689,187	\$ 429,917	\$ 53,119,104	-	-
Net Position:					
Net investment in capital assets				6,115,277	6,115,277
Restricted				25,630	25,630
Unrestricted				42,505,988	42,505,988
TOTAL NET POSITION				\$ -	48,646,895
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					\$ 63,330,908

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2017

Total Fund Balance, Governmental Funds	\$	52,645,264
<p>Certain deferred outflows are reported in the Statement of Net Position but not in the governmental funds.</p>		
Deferred outflows-pension related		4,096,527
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
Cost of capital assets	\$ 10,575,784	
Less accumulated depreciation	<u>(4,460,507)</u>	6,115,277
<p>Certain unearned revenues are reported in the governmental fund but not in the Statement of Net Assets.</p>		
		242,049
<p>Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position.</p>		
Compensated absences		(287,203)
Other post employment benefit obligation		(6,014,156)
Net pension liability		(7,367,691)
Deferred inflows-pension related		(783,172)
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>48,646,895</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES /
STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

	Governmental Funds Financial Statements				Government-wide
	Statement of Revenue, Expenditures and Changes in Fund Balance				Statements
	General Fund	Nonmajor Funds	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
Public Safety:					
Personal services & related benefits	\$ 11,223,398	\$ 22,551	\$ 11,245,949	\$ 1,100,940	\$ 12,346,889
Operating expenses	1,026,824	95,181	1,122,005	-	1,122,005
Material & supplies	1,127,128	15,642	1,142,770	-	1,142,770
Travel & other charges	69,330	465	69,795	-	69,795
Capital outlays	620,936	27,500	648,436	(648,436)	-
Depreciation	-	-	-	777,201	777,201
TOTAL EXPENDITURES/EXPENSES	14,067,616	161,339	14,228,955	1,229,705	15,458,660
PROGRAM REVENUES					
Prisoner reimbursement fees	417,339	-	417,339	-	417,339
Contractual fees	1,109,125	-	1,109,125	-	1,109,125
Fines, forfeitures, and other commissions	857,006	174,823	1,031,829	-	1,031,829
Operating grants and contributions	1,021,479	45,765	1,067,244	-	1,067,244
TOTAL PROGRAM REVENUES	3,404,949	220,588	3,625,537	-	3,625,537
NET PROGRAM EXPENSE	(10,662,667)	59,249	(10,603,418)	(1,229,705)	11,833,123
GENERAL REVENUES					
Property taxes	8,516,842	-	8,516,842	98,248	8,615,090
Sales taxes	4,015,272	-	4,015,272	-	4,015,272
State revenue sharing	51,164	-	51,164	-	51,164
Video poker	121,785	-	121,785	-	121,785
Miscellaneous income	41,189	-	41,189	450,932	492,121
Investment earnings	142,755	61	142,816	-	142,816
TOTAL GENERAL REVENUES	12,889,007	61	12,889,068	549,180	13,438,248
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES/ CHANGES IN NET POSITION	2,226,340	59,310	2,285,650	(680,525)	1,605,125
Other financing sources(uses):					
Operating transfers in(out)	(10,000)	10,000	-	-	-
Sale of assets/ Gain (loss) on sale of assets	107,875	-	107,875	(35,196)	72,679
Reimbursement for damaged assets	27,294	-	27,294	-	27,294
TOTAL OTHER FINANCING SOURCES(USES)	125,169	10,000	135,169	(35,196)	99,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/ CHANGE IN NET POSITION	2,351,509	69,310	2,420,819	\$(715,721)	1,705,098
FUND BALANCE / NET POSITION					
Beginning of the year	49,863,838	360,607	50,224,445		46,941,797
End of the year	\$ 52,215,347	\$ 429,917	\$ 52,645,264		\$ 48,646,895

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 For the year ended June 30, 2017

Fund Financial statements excess of revenues over expenditures	\$	2,420,819
<p>Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Position and are allocated over their useful lives in the Statement of Activities.</p>		
Capital outlays	\$	648,436
Depreciation expense		<u>(777,201)</u>
		(128,765)
<p>In the Statement of Activities, the loss of the disposal of fixed assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources.</p>		
Proceeds from disposal of fixed assets	\$	(107,875)
Gain of disposal of fixed asset		<u>72,679</u>
		(35,196)
<p>In the Statement of Activities, certain operating expenses, are measured by the the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid.</p>		
Pension (expense) benefit	\$	(148,837)
Non-employer contributions to cost-sharing pension plan		450,932
Accrued compensated absences		(31,644)
Accrued other post employment benefit obligations		<u>(920,459)</u>
		(650,008)
<p>Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds. They are, however, reported in the Statement of Activities.</p>		
Increase (decrease) in deferred revenues-ad valorem taxes		98,248
Government-wide change in net position	\$	<u>1,705,098</u>

The notes to the financial statements are an integral part of this statement.
 See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Fund Type--Agency Funds
 June 30, 2017

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
ASSETS						
Cash	\$ 3,058,068	\$ 10,530	\$ 188,182	\$ 12,301	\$ 5,658	\$ 3,274,739
TOTAL ASSETS	\$ 3,058,068	\$ 10,530	\$ 188,182	\$ 12,301	\$ 5,658	\$ 3,274,739
LIABILITIES						
Unsettled deposits:						
Held for others pending court action	\$ 3,058,068	\$ 10,530	\$ 188,182	\$ 12,301	\$ -	\$ 3,269,081
Held for inmates	-	-	-	-	5,658	5,658
TOTAL LIABILITIES	\$ 3,058,068	\$ 10,530	\$ 188,182	\$ 12,301	\$ 5,658	\$ 3,274,739

The notes to the financial statements are an integral part of this statement.
 See the accompanying independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

INTRODUCTION

As provided by Article V. Section 27 of the Louisiana Constitution of 1974, the 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 also 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 ex-officio tax collector of the parish, the Sheriff is responsible for the collection and distribution of ad valorem property taxes, state revenue sharing funds, and fines, court costs, and bond forfeitures imposed by the district court.

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 neighborhood watch programs, anti-drug abuse programs, and other programs, et cetera. Additionally, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the DeSoto Parish Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The Basic Financial Statements consist of Government-wide Financial Statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide more detailed level of financial information.

The significant accounting and reporting policies and practices used by the DeSoto Parish Sheriff are described below.

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Considering the foregoing criteria, the DeSoto Sheriff is deemed to be a separate reporting entity. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Sheriff. There are no component units to be included in the Sheriff's reporting entity.

For financial reporting purposes, the Sheriff's basic financial statements include 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 include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Although the DeSoto Parish Police Jury maintains and operates the building in which the Sheriff's office is located and pays the costs associated with the jail as required by Louisiana law, the Sheriff is financially dependent. Accordingly, the Sheriff is a primary government for reporting purposes.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

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 Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

D. Basis of Accounting/Measurement Focus

Governmental Fund Financial Statements

The columns labeled Governmental Funds Financial Statements for the General Fund and Nonmajor Funds in Statements A and B 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 balances 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 a government-wide view of Sheriff operations.

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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. Nonmajor funds are aggregated and presented in a single column.

The Sheriff reports the following governmental funds:

General Fund. The general fund, as provided by Louisiana Revised Statute 33:1422 is the principal fund and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. General operating expenditures are paid from this fund.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales, taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes. Per criteria for Fund Financial Statements below, these funds are presented as nonmajor funds in the governmental fund financial statements.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting/Measurement Focus (continued)

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Gaming tax revenues are recorded in the period in which the exchange transactions on which the tax is imposed occur. Fines, forfeitures, fees and court costs are recognized in the period they are released for distribution by the Courts.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements in which the Sheriff must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the Sheriff on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues, including fines, forfeitures and commissions, are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures

Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

Government-Wide Financial Statements

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting/Measurement Focus (continued)

Program revenues include fees and charges paid by the recipients of services offered by the Sheriff, and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. 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) and for deposits held pending court action. These funds, which are custodial in nature (assets equal liabilities), do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting. Data from the fiduciary funds is not incorporated in the government-wide financial statements.

E. Cash and Cash Equivalents and Investments

Cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, money market accounts, time deposits (certificates of deposit), and short-term, highly liquid investment with original maturities of ninety (90) days or less when purchased. Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

F. Accounts Receivable

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include ad valorem taxes, sales tax, fees for services, and other intergovernmental revenues. All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

G. Capital Assets

Capital assets which include property, plant, and equipment are reported in the government-wide financial statements. All capital assets, other than land are depreciated using the straight-line method over their estimated useful lives, ranging from three to twenty years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities. Capital assets are recorded in the statement of net position.

All purchased and constructed capital assets are valued at historical cost or estimated cost if historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets for reporting purposes. Salvage value is taken into consideration for depreciation purposes for vehicles.

Assets reported in the fund financial statements for governmental funds exclude capital assets. The governmental funds financial statements report the acquisition of capital assets as expenditures.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Prepaid expenses

Payments made to vendors for services or supplies that will benefit periods beyond June 30, 2017, are recorded as prepaid expenses.

I. Compensated Absences

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

After one year of service, all regular, full-time employees are granted 10 days of vacation leave each year. With 12 years plus continuous service with the DeSoto Parish Sheriff, employees are granted 15 days vacation each year. Vacation leave may be accumulated and carried forward to succeeding years. Upon termination of employment, employees are paid for up to 160 hours of accumulated vacation leave. Sick leave is granted on a case-by-case basis, at the discretion of the Sheriff. The Sheriff's recognition and measurement criterion for compensated absences is as follows: The vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued.

J. Unavailable Ad Valorem Taxes

Under the modified accrual basis of accounting, the DeSoto Parish Sheriff's governmental funds will not recognize revenue until they are available (collected not later than 60 days after the Sheriff's yearend). Accordingly, ad valorem taxes assessed yet paid under protest are reported as unavailable revenues in the governmental funds balance sheet only.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Sheriff recognizes differences between expected and actual factors in total pension liability measurements, changes in assumptions about future factors in the total pension liability measurements, and the differences between projected and actual earnings on pension plan investments within these financial statement sections.

L. Pension Plan

The DeSoto Parish Sheriff is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 8. 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 each of the plans, and additions to / deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Sales Taxes

DeSoto Parish passed a one-half of one percent (1/2%) sales and use tax on July 17, 2004. Collection of the tax began October 1, 2004. These funds are dedicated to paying salaries and benefits for the law enforcement personnel of the Sheriff. The amount of sales tax collected for year ended June 30, 2017, was \$4,015,272.

N. Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure by the provider. If repayment is expected, these receivables and payables are classified as "Advance to (from) other funds." In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

Q. Use of Estimates

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

O. Equity

Net Position

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net position and is reported in three components:

- a. 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.
- b. Restricted net position--Consists of net position with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position--Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The DeSoto Parish Sheriff's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances

As required by GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," this Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Equity (continued)

- *Nonspendable*--Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- *Restricted*--Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
- *Committed*--Amounts constrained by the Sheriff himself. To be reported as committed, amounts cannot be used for any other purpose unless the Sheriff takes the action to remove or change the constraint.
- *Assigned*--Amounts the Sheriff intends to use for a specific purpose.
- *Unassigned*--All amounts not included in other spendable.

At June 30, 2017, \$52,129 was non-spendable prepaid expenses; \$25,630 was restricted by the grantor; \$404,287 was assigned; and \$52,163,218 was unassigned.

The Sheriff would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

P. Risk Management

The Sheriff is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. The Sheriff also maintains a Louisiana Sheriffs' Risk Management Program liability insurance policy. No claim has been paid on the policy during the past three years nor is the Sheriff aware of any unfiled claims.

2. LEVIED TAXES

The Sheriff was authorized 14.91 ad valorem tax millage and levied mills of 12.47 mills for 2016. Ad valorem taxes are recorded in the year the taxes are assessed. Total assessed value in the parish was \$756,687,443 in 2016. The following are the principal taxpayers for the parish and the Sheriff's 2016 assessed valuations:

Taxpayer	Type of Business	2016 Assessed Valuation	2016 Assessed Tax	Percentage of Total Assessed Valuation
Chesapeake Operating	Oil & Gas	\$ 65,360,719	\$ 815,048	8.90%
Exco Operating Co	Oil & Gas	61,158,409	762,645	8.33%
International Paper Co.	Manufacturing	53,812,633	671,044	7.33%
Southwestern Electric	Utility	27,303,205	340,471	3.72%
Louisiana Midstream Gas	Oil & Gas	26,142,066	325,992	3.56%
Acadian Gas Pipeline System	Oil & Gas	26,119,740	325,713	3.56%
Indigo Minerals LLC	Oil & Gas	21,951,336	273,733	2.99%
TGG Pipeline, Ltd	Oil & Gas	21,628,359	269,706	2.94%
Enterprise Gathering LLC	Oil & Gas	21,155,340	263,807	2.88%
Covey Park Operating LLC	Oil & Gas	20,225,141	252,208	2.75%
Total		\$ 259,271,088	\$ 3,233,111	35.31%

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2017, the Sheriff has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$50,447,715 as follows:

	Government Funds	Fidiciary Funds	Total
Demand deposits	\$ 404,287	\$ 203,190	\$ 607,477
Interest-bearing demand deposits	46,768,589	3,070,369	49,838,958
Petty Cash	100	1,180	1,280
Categorized bank deposits	<u>\$ 47,172,976</u>	<u>\$ 3,274,739</u>	<u>\$ 50,447,715</u>

Investments:

At June 30, 2017, the Sheriff has investments (book balances) totaling \$4,798,068 as follows:

Louisiana Asset Management Pool	\$	642,681
Time deposits		<u>4,155,387</u>
Total investments	\$	<u>4,798,068</u>

Investment valuation. The certificate of deposit is stated at cost, which approximates market value. The investments in LAMP are stated at fair value based upon quoted market rates. 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.

The cash and investments of the DeSoto Parish Sheriff are subject to the following risks.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Sheriff's name.

At year end, the Sheriff had collected bank balances of \$55,163,901 which were fully protected by \$757,057 of federal depository insurance and pledged securities with a market value of \$64,800,062 held by the custodial banks in the name of the DeSoto Parish Sheriff.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

However, as a means of offsetting exposure to interest rate risk, the Sheriff diversifies its investments by security type and institution. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The DeSoto Parish Sheriff's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the DeSoto Sheriff may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments held at June 30, 2017, include \$642,681 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool 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 LSA-R.S. 33:2955.

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.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2017:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Intergovernmental revenues:			
OCDETF	\$ 6,988	-	6,988
District Attorney LACE	107,140	-	107,140
Parish revenue	37,024	-	37,024
State grants	-	3,766	3,766
Probation & Juvenile officers	49,767	-	49,767
Juvenile detail	2,300	-	2,300
State supplemental pay	47,730	-	47,730
Sales tax	516,072	-	516,072
Ad valorem tax	251,069	-	251,069
Fees, charges, and commissions for services:			
Fines and bond fees	-	-	-
Witness fees	2,400	-	2,400
Background check fees	16,581	-	16,581
Cost on taxes	2,412	-	2,412
Court attendance	680	-	680
Feeding and keeping parish prisoners	7,459	-	7,459
Feeding and keeping state prisoners	42,827	-	42,827
Feeding and keeping other prisoners	224	-	224
Prisoner transportation	1,492	-	1,492
Totals	<u>\$ 1,092,165</u>	<u>\$ 3,766</u>	<u>\$ 1,095,931</u>

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

5. CAPITAL ASSETS

A summary of changes in office furnishings, equipment and vehicles follows:

<u>Governmental Activities</u>	Balance 7/1/2016	Additions	Reclassification/ Deletions	Balance 6/30/2017
Capital assets not begin depreciated:				
Land	\$ 90,800	\$ -	\$ -	\$ 90,800
Total assets not being depreciated	<u>90,800</u>	<u>-</u>	<u>-</u>	<u>90,800</u>
Depreciable assets:				
Office equipment & furniture	208,548	-	-	208,548
Safety equipment	902,704	7,105	(102,021)	807,788
Communications equipment	163,876	408,498	-	572,374
Farm equipment	154,255	18,925	-	173,180
Training equipment/apparatus	75,448	-	-	75,448
Computers & Software	420,193	-	-	420,193
Vehicles	3,760,127	202,260	(219,332)	3,743,055
Buildings & improvements	4,472,750	11,648	-	4,484,398
Total depreciable assets	<u>10,157,901</u>	<u>648,436</u>	<u>(321,353)</u>	<u>10,484,984</u>
Total Assets	<u>10,248,701</u>	<u>648,436</u>	<u>(321,353)</u>	<u>10,575,784</u>
Less accumulated depreciation	<u>3,969,463</u>	<u>777,201</u>	<u>(286,157)</u>	<u>4,460,507</u>
Capital assets, net	<u>\$ 6,279,238</u>	<u>\$ (128,765)</u>	<u>\$ (35,196)</u>	<u>\$ 6,115,277</u>

Depreciation expense in the amount of \$777,201 was charged to public safety.

6. COMPENSATED ABSENCES

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with accounting principles generally accepted in the United States of America. The liability for compensated absences is computed only at the end of the fiscal year. As of June 30, 2017, the Sheriff's compensated absences payable in accordance with GASB Statement No. 16 amounted to 11,484 hours with a resulting liability as following:

Compensated absences at July 1, 2016	\$ 255,559
Additions	(287,203)
Deductions	(255,559)
Compensated absences at June 30, 2017	<u>\$ (287,203)</u>

7. DEFERRED COMPENSATION

Certain employees of DeSoto Parish Sheriff participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P. O. Box 94397, Baton Rouge, Louisiana 70804-9397.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

8. PENSION PLAN

Plan Description. Substantially all employees of the DeSoto Parish Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund (Fund), a cost-sharing, multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the state, employees of the Louisiana Sheriffs' Association and the Sheriff's Pension and Relief Fund's office. The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of the Fund and is governed by a separate board of trustees.

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.

For members whose first employment making them eligible for membership in the fund 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 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 members whose first employment making them eligible for membership in the fund 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 members whose first employment making them eligible for membership in the fund 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 joining 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 members whose first employment making the eligible for membership in the fund 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. Members are eligible to receive disability benefits if they have 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 member's 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 disable receive 75% of the amount payable for total disability.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

8. PENSION PLAN (continued)

Survivor Benefits. Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following: for a spouse alone, a sum equal to 50% of the members 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 received an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full-time student in good standing enrolled at a board approved or accredited school, college, or university.

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

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.

Funding Policy. Contribution requirements for all employers are actuarially determined each year in accordance with state statute. For the year ended June 30, 2016, the actual employer contribution rate was 13.75% with no additional percentage allocated from the Funding Deposit Account. Employee contributions are based on the employee's annual covered salary and are established by the board of trustees. For the year ended June 30, 2017, the employee contribution rate was 10.25%.

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions of \$450,932 were recorded for the year ended June 30, 2017 in the government-wide statements.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

8. PENSION PLAN (continued)

The DeSoto Parish Sheriff's contributions to the System which also include the employee's portion are as follows:

	2017	2016	2015
Employee portion	\$ 769,226	\$ 823,816	\$ 778,708
Employer contributions	1,069,454	1,098,571	1,087,655
Total pension contributions	<u>\$ 1,838,680</u>	<u>\$ 1,922,387</u>	<u>\$ 1,866,363</u>

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

At June 30, 2017, the Sheriff reported a liability of \$7,367,691 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability 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 entities, actuarially determined. At June 30, 2016, the Sheriff's proportion was 1.160834%, which was an increase of 0.0095930% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$2,045,311. The Sheriff recognized revenue of \$450,932 as its proportionate share of non-employer contributions for the year ended June 30, 2017.

At June 30, 2017, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 772,789
Changes of assumptions	601,918	-
Net difference between projected and actual earnings on pension plan investments	1,845,240	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	579,915	10,383
Employer contributions subsequent to the measurement date	1,069,454	-
Total	<u>\$ 4,096,527</u>	<u>\$ 783,172</u>

Sheriff contributions subsequent to the measurement date in the amount of \$1,069,454 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017**

8. PENSION PLAN (continued)

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

<u>Year</u>		
2018	\$	473,337
2019		473,337
2020		473,337
2021		473,337
2022		473,337
2023		473,337
2024		473,334
Total	\$	<u><u>3,313,356</u></u>

Actuarial Methods Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Expected Remaining Service Lives	2016 -7 years; 6 years for 2014 and 2015
Investment Rate of Return	7.60%, net of investment expense
Discount Rate	7.50%
Projected salary increases	5.5% (2.875% inflation, 2.625% merit)
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
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.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, 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.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

8. PENSION PLAN (continued)

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2016 are as follows:

Asset Class	Target Allocation	Expected Rate of Return	
		Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	60%	6.4%	3.90%
Bonds	25%	1.9%	0.50%
Alternative Investments	15%	4.3%	0.60%
Total	100%		5.00%
Inflation			2.70%
Expected Arithmetic Nominal Return			7.70%

The discount rate used to measure the total pension liability was 7.5%, which was a decrease of 0.1% from the discount rate used to measure the total pension liability at June 30, 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions rates and that contributions from participating employers will be made at the actuarially required rates approved by Public Employees' Retirement Systems' Actuarial Committee taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the 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 Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Sheriff calculated using the discount rate of 7.5%, as well as what the Sheriff's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net pension liability	12,500,040	7,367,691	3,131,547

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience. The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The differences between expected and actual experience resulted in a deferred inflow of resources in the amount of \$772,789 for the year ended June 30, 2016..

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

8. PENSION PLAN (continued)

Differences between Projected and Actual Investment Earnings. The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The differences between projected and actual investment earnings resulted in a net deferred outflow of resources as of June 30, 2016 of \$1,845,240.

Changes in Assumptions. The changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$601,918 for the year ended June 30, 2016.

Changes in Proportion. Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions—Proportionate Share. Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Retirement Fund Audit Report

The Sheriff's Pension and Relief Fund has issued a stand-alone financial report for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website www.la.gov.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The DeSoto Parish Sheriff's medical/dental and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical/dental coverage for the retiree (not dependents). Employees who are eligible are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attained age 55 with 15 years of service.

Life insurance coverage is continued to retirees by election. The employer pays for life insurance of \$10,000 after retirement for retirees and the retirees may elect to continue insurance amounts above \$10,000 after retirement. However, the rates for both are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Based on past experience, we have assumed that 75% of retirees continue the higher insurance amounts into retirement. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Fund Policy. Until 2009, the DeSoto Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (DeSoto Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, DeSoto Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$132,289 and \$122,490, respectively.

Effective July 1, 2009, DeSoto Parish Sheriff implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. DeSoto Parish Sheriff's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the normal cost plus the contribution to amortize the unfunded actuarial accrued liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017
Normal Cost	\$ 619,786
30-year UAAL amortization amount	523,784
Annual required contribution (ARC)	\$ 1,143,570

Net Post-employment Benefit Obligation. The table below shows the DeSoto Parish Sheriff's Net Other Post-employment Benefit (OPEB) obligation for fiscal year ending June 30, 2017:

	2017
Beginning Net OPEB Obligation	5,093,697
Annual required contribution	1,143,569
Interest on net OPEB obligation	203,748
ARC Adjustment	(294,569)
Annual OPEB Cost (expense)	1,052,748
Contributions	-
Current year retiree premium	(132,289)
Change in net OPEB obligation	920,459
Ending Net OPEB Obligation	\$ 6,014,156

The following table shows DeSoto Parish Sheriff's annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded other post employment benefits (OPEB) liability for the last two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 1,052,748	12.57%	\$ 6,014,157
June 30, 2016	\$ 1,024,854	11.95%	\$ 5,093,697

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress. In 2017, the DeSoto Parish Sheriff made no contributions to its post employment benefits plan. The plan was not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the actuarial accrued liability (AAL) at the end of the year June 30, 2017 was \$9,419,710 which is defined as that portion, as determined by a particular actuarial cost method (the Sheriff uses the projected unit credit cost method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2017
Actuarial Accrued Liability (AAL)	\$ 9,419,710
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 9,419,710</u>
Funded Ratio (AVP/AAL)	0.00%
Covered Payroll (active plan members)	\$ 8,395,972
UAAL as a percentage of covered payroll	112.19%

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

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

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

Actuarial Value of Plan Assets. There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50 will be used.

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

Post employment Benefit Plan Eligibility Requirements. The actuary has assumed that employees retire four years after the earliest eligibility to retire as described in the section above entitled "Plan Description." Medical benefits are provided to employees upon actual retirement.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Investment Return Assumption (Discount Rate). GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

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

Mortality Rate. 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, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is the actuary's opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental benefits for the retiree only (not dependents) The medical rates provided are "blended" rates for active and retired both prior to and after Medicare eligibility. The estimated "unblended" rates were estimated as required by GASB Codification P50 for valuation purposes to 130% of the blended rates prior to Medicare eligibility and 80% of the blended rates after Medicare eligibility.

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

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

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

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

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$ 845,235	\$ 1,024,854	\$ 1,052,748
Contributions	-	-	-
Retiree premium	<u>102,826</u>	<u>122,490</u>	<u>132,289</u>
Total contribution and premium	<u>102,826</u>	<u>122,490</u>	<u>132,289</u>
Change in net OPEB obligation	<u>\$ 742,409</u>	<u>\$ 902,364</u>	<u>\$ 920,459</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	12.17%	11.95%	12.57%

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

10. RESTRICTED NET POSITION / FUND BALANCE

The following schedule summarizes restricted net position and the reserves at June 30, 2017:

	Restricted Fund Balance		
	General Fund	Nonmajor Funds	Restricted Net Position
DARE	\$ -	\$ 25,630	\$ 25,630
Total	\$ -	\$ 25,630	\$ 25,630

11. CHANGES IN AGENCY UNSETTLED DEPOSITS

A summary of changes in agency unsettled deposits due to taxing bodies and others follows:

FUND	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Tax collector	\$ 1,256,917	\$ 78,814,479	\$ 77,013,328	\$ 3,058,068
Civil	6,900	595,840	592,210	10,530
Criminal	160,117	4,421,797	4,393,732	188,182
Drug Seizures Escrow	13,479	13	1,191	12,301
Inmate Commissary	4,936	120,118	119,396	5,658
Totals	\$ 1,442,349	\$ 83,952,247	\$ 82,119,857	\$ 3,274,739

12. COMMITMENTS AND CONTINGENCIES

Lawsuits. At June 30, 2017, the Sheriff was a defendant in lawsuits principally arising from the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

Grants. The Sheriff receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

13. TAXES PAID UNDER PROTEST

The liability held for others pending court action, in the Tax Collector agency fund at June 30, 2017, reflects taxes paid under protest, plus interest earned to date on these funds. These funds are held pending resolution of the protest.

14. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2017.

15. ON-BEHALF PAYMENTS FOR SALARIES

The Sheriff recognizes as general fund revenues and expenses, supplemental pay paid by the State of Louisiana to the Sheriff's employees. For year ended June 30, 2017, the state contributed \$593,037.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

16. SUBSEQUENT EVENTS

Management has performed an evaluation of the Sheriff's activities through December 31, 2016, and has concluded that there is one significant event requiring recognition or disclosure through the date and time these financial statements were available to be issued. Due to a DeSoto Parish Police Jury resolution, the Louisiana Legislative Auditor is conducting a review of the Local Agency Compensated Enforcement (LACE) Program in DeSoto Parish. The DeSoto Parish Sheriff's department participates in this program by providing officers who write traffic tickets. The Sheriff's office is then reimbursed for the officers time. The results of this review are not available as of the date of this audit.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

DESOTO PARISH SHERIFF
Mansfield, Louisiana

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND

For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive(Negative)</u>
EXPENDITURES/EXPENSES				
Public Safety:				
Personal services & related benefits	\$ 12,086,000	\$ 12,086,000	\$ 11,223,398	\$ 862,602
Operating expenses	1,095,350	1,095,350	1,026,824	68,526
Material & supplies	1,394,050	1,394,050	1,127,128	266,922
Travel & other charges	73,000	73,000	69,330	3,670
Capital outlays	580,000	580,000	620,936	(40,936)
TOTAL EXPENDITURES/EXPENSES	<u>15,228,400</u>	<u>15,228,400</u>	<u>14,067,616</u>	<u>1,160,784</u>
PROGRAM REVENUES				
Prisoner reimbursement fees	381,000	381,000	417,339	36,339
Contractual fees	860,000	860,000	1,109,125	249,125
Fines, forfeitures, and other commissions	597,650	597,650	857,006	259,356
Operating grants and contributions	1,105,000	1,105,000	1,021,479	(83,521)
TOTAL PROGRAM REVENUES	<u>2,943,650</u>	<u>2,943,650</u>	<u>3,404,949</u>	<u>461,299</u>
NET PROGRAM EXPENSE	(12,284,750)	(12,284,750)	(10,662,667)	1,622,083
GENERAL REVENUES				
Property taxes	8,403,000	8,403,000	8,516,842	113,842
Sales taxes	3,600,000	3,600,000	4,015,272	415,272
State revenue sharing	55,000	55,000	51,164	(3,836)
Video poker	120,000	120,000	121,785	1,785
Miscellaneous income	63,000	63,000	41,189	(21,811)
Investment earnings	120,000	120,000	142,755	22,755
TOTAL GENERAL REVENUES	<u>12,361,000</u>	<u>12,361,000</u>	<u>12,889,007</u>	<u>528,007</u>
EXCESS(Deficiency) of REVENUES OVER EXPENDITURES	76,250	76,250	2,226,340	2,150,090
Other financing sources(uses):				
Operating transfers in (out)	(10,000)	(10,000)	(10,000)	(20,000)
Sale of assets/ Gain (loss) on sale of assets	15,000	15,000	107,875	92,875
Compensation for damaged assets	1,000	1,000	27,294	26,294
TOTAL Other financing sources(uses)	<u>6,000</u>	<u>6,000</u>	<u>125,169</u>	<u>99,169</u>
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)	82,250	82,250	2,351,509	2,249,259
FUND BALANCE				
Beginning of the year	49,863,838	49,863,838	49,863,838	-
End of the year	<u>\$ 49,946,088</u>	<u>\$ 49,946,088</u>	<u>\$ 52,215,347</u>	<u>\$ 2,269,259</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
July 1, 2014	0	4.00%	\$ 6,966,344	\$ 6,966,344	0.0%
July 1, 2015	0	4.00%	\$ 7,244,998	\$ 7,244,998	0.0%
July 1, 2016	0	4.00%	\$ 9,057,413	\$ 9,057,413	0.0%
July 1, 2017	0	4.00%	\$ 9,419,710	\$ 9,419,710	0.0%

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2017

Louisiana: Sheriffs' Pension and Relief Fund

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	1.160830%	\$ 7,367,691	\$ 8,068,182	91%	82.1%
2016	1.151241%	\$ 5,131,677	\$ 7,709,269	67%	86.6%
2015	1.019759%	\$ 4,038,251	\$ 7,632,667	53%	99.2%

*Amounts presented were determined as of the measurement date (previous fiscal year end)

The notes to the financial statements are an integral part of this statement
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF

Mansfield, Louisiana

SCHEDULE OF PENSION CONTRIBUTIONS

For the year ended June 30, 2017

Louisiana: Sheriffs' Pension and Relief Fund

Fiscal Year*	(a)	(b)	(a-b)	Agency's	Contributions
	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	covered-employee payroll	as a percentage of covered-employee payroll
2017	\$ 1,069,454	\$ 1,069,454	\$ -	\$ 8,068,182	13.26%
2016	\$ 1,098,571	\$ 1,098,571	\$ -	\$ 7,709,269	14.25%
2015	\$ 1,087,655	\$ 1,087,655	\$ -	\$ 7,632,667	14.25%

*Amounts presented were determined as of the end of the fiscal year.

The notes to the financial statements are an integral part of this statement
See the accompanying independent auditor's report.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

As of and for the Year Ended June 30, 2017

Budgetary Information

The Sheriff's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Sheriff exercises budgetary control at the functional level. Within functional levels, the accountant has the authority to make amendments as necessary.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget was not amended during the year. The budget comparison schedules present the original adopted budget and the final budget.

The Sheriff's budget process is as follows:

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Sheriff must approve all changes or amendments to the budget.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Sheriff. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget which includes all amendments.

Schedule of Funding Progress for Retiree Health Plan

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Pension Information

The schedule of the DeSoto Parish Sheriff's proportionate share of the net pension liability and the schedule of the DeSoto Parish Sheriff's pension contributions are intended to show information for ten years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

**DeSoto Parish Sheriff
Mansfield, Louisiana**

OTHER NONMAJOR SPECIAL REVENUE FUNDS

Year ended June 30, 2017

Drug Task Force Budget Fund

The Drug Task Force Budget Fund records grant revenue from Red River, Sabine, and DeSoto Parish as well as local seizure income. The purpose of the fund is to increase the apprehension, prosecution, adjudication, detention, rehabilitation, and treatment of persons who violate state and local laws relating to the production, possession, and transfer of controlled substances.

Task Force Program Fund

The Task Force Program Fund receives a proportionate share of seizure revenue from the federal OCDEFT program. These funds enable the local sheriff's office to assist in and pursue cases with the FBI and DEA.

DARE Fund

The DARE Fund consists of a state grant from the Louisiana Commission on Law Enforcement and public donations and certain court costs. The grant, donations, and costs are used to reduce illegal drug use among youth through educational programs.

Criminal Interdiction

The Criminal Interdiction Fund holds monies released from drug seizures. The monies can be used to supplement the drug task force.

DESOTO PARISH SHERIFF

Mansfield, Louisiana

GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS**Combining Balance Sheet**

June 30, 2017

	Task Force Budget Fund	Task Force Program Fund	DARE Fund	Criminal Interdiction	Total
ASSETS					
Cash	\$ 77,398	\$ 212,684	\$ 21,864	\$ 114,205	\$ 426,151
Receivables	-	-	3,766	-	3,766
TOTAL ASSETS	\$ 77,398	\$ 212,684	\$ 25,630	\$ 114,205	\$ 429,917
LIABILITIES & FUND EQUITY					
Liabilities:					
Interfund payables	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
Fund equity:					
Fund balance:					
Restricted	-	-	25,630	-	25,630
Assigned	77,398	212,684	-	114,205	404,287
Total Fund Equity	77,398	212,684	25,630	114,205	429,917
TOTAL LIABILITIES & FUND EQUITY	\$ 77,398	\$ 212,684	\$ 25,630	\$ 114,205	\$ 429,917

Supplementary information.

See the accompanying independent auditor's report

DESOTO PARISH SHERIFF
Mansfield, Louisiana

GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Task Force Budget Fund	Task Force Program Fund	DARE Fund	Criminal Interdiction Fund	Total
REVENUES					
Fees, Fines, Seizures, and Commissions	\$ 9,231	\$ 157,970	\$ 4,905	\$ 2,717	\$ 174,823
Operating Grants and Contributions					
Federal grants	-	-	-	-	-
Local grants	20,000	-	-	-	20,000
State grants	-	-	25,765	-	25,765
Interest	-	-	61	-	61
TOTAL REVENUES	<u>29,231</u>	<u>157,970</u>	<u>30,731</u>	<u>2,717</u>	<u>220,649</u>
EXPENDITURES					
Public safety:					
Personal services and related benefits	-	-	21,938	613	22,551
Operating services	67,219	472	-	27,490	95,181
Materials and supplies	-	-	9,151	6,491	15,642
Travel and other charges	-	-	465	-	465
Capital outlay	-	-	-	27,500	27,500
TOTAL EXPENDITURES	<u>67,219</u>	<u>472</u>	<u>31,554</u>	<u>62,094</u>	<u>161,339</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,988)	157,498	(823)	(59,377)	59,310
Other financing sources (uses)					
Transfer in	10,000	-	-	-	10,000
TOTAL OTHER FINANCING SOURCES(USES)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)	(27,988)	157,498	(823)	(59,377)	69,310
FUND BALANCES, BEGINNING OF YEAR	<u>105,386</u>	<u>55,186</u>	<u>26,453</u>	<u>173,582</u>	<u>360,607</u>
FUND BALANCES, END OF YEAR	<u>\$ 77,398</u>	<u>\$ 212,684</u>	<u>\$ 25,630</u>	<u>\$ 114,205</u>	<u>\$ 429,917</u>

Supplementary Information.
See the accompanying independent auditor's report

**DeSoto Parish Sheriff
Mansfield, Louisiana**

FIDUCIARY FUND TYPE—AGENCY FUNDS

Year ended June 30, 2017

Tax Collector Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes to the appropriate taxing bodies.

Civil Fund

The Civil Fund accounts for the collection of funds in 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.

Criminal Fund

The Criminal Fund is a depository for cash bonds, fines, and court costs which are posted in criminal and traffic cases and the collection of a bond fee charge levied for the processing of cash bonds. Bond fee charges are transferred to the Sheriff's General Fund and cash bonds are held until cases are heard in court and then either refunded to defendants, or distributed as directed by the court.

Drug Seizures Escrow Fund

In accordance with Louisiana Revised Statute 40:2616, the District Attorney for the Forty-second Judicial District has appointed the DeSoto Parish Sheriff as administrator for the Drug Seizures Escrow Fund. This fund accounts for seized property subject to forfeiture to the law enforcement agencies that participated in the seizing process. The distributions to the appropriate agencies are made only upon order of the district attorney as approved by the court.

Inmate Fund

The Inmate Fund accounts for funds of inmates that are used for personal items purchased by the inmates.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
FIDUCIARY FUND TYPE- AGENCY FUNDS
Statement of Changes in Unsettled Deposits
For the year ended June 30, 2017

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
Additions:						
Taxes, fees, etc., received:						
Sheriff's sales	\$ -	\$ 420,926	\$ -	\$ -	\$ -	\$ 420,926
Fines, forfeitures, and costs	-	-	4,295,751	-	-	4,295,751
Garnishments	-	120,785	-	-	-	120,785
Seizures, bonds, etc	-	-	126,046	-	-	126,046
Ad Valorem						
Current year	74,727,502	-	-	-	-	74,727,502
Prior year	7,571	-	-	-	-	7,571
Protested	3,048,003	-	-	-	-	3,048,003
State revenue sharing	564,451	-	-	-	-	564,451
Interest on:						
Operating account	4,728	-	-	13	-	4,741
Delinquent taxes	31,409	-	-	-	-	31,409
Prior year taxes	954	-	-	-	-	954
Cost of tax notices, etc.	40,090	-	-	-	-	40,090
Redemptions	386,619	-	-	-	-	386,619
Other additions	3,152	54,129	-	-	120,118	177,399
Total additions	<u>78,814,479</u>	<u>595,840</u>	<u>4,421,797</u>	<u>13</u>	<u>120,118</u>	<u>83,952,247</u>
Deductions:						
Settlement payments to:						
Louisiana Dept of Forestry	26,126	-	-	-	-	26,126
Red River Levee District	3,027	-	-	-	-	3,027
Louisiana Tax Commission	52,642	-	-	-	-	52,642
Northwest Crime Lab	-	-	446,935	-	-	446,935
Northwest Juvenile Detention	-	-	109,105	-	-	109,105
Louisiana Rehabilitation	-	-	52,327	-	-	52,327
DeSoto Parish:						
Sheriff's General Fund	8,660,070	221,196	402,316	-	-	9,283,582
Clerk of Court	-	28,191	200,144	-	-	228,335
Police Jury	10,871,748	-	1,642,352	-	-	12,514,100
School Board	38,305,609	-	-	-	-	38,305,609
Assessor	1,697,510	-	-	-	-	1,697,510
Municipalities	-	-	-	-	-	-
District Attorney	-	-	533,702	1,191	-	534,893
Communications District	854,820	-	-	-	-	854,820
Judicial Expense Fund	-	-	196,819	-	-	196,819
Indigent Defender Fund	-	-	653,064	-	-	653,064
Fire Protection District No. 1	1,147,526	-	-	-	-	1,147,526
Fire Protection District No. 2	706,021	-	-	-	-	706,021
Fire Protection District No. 3	351,974	-	-	-	-	351,974
Fire Protection District No. 5	395,510	-	-	-	-	395,510
Fire Protection District No. 8	3,372,000	-	-	-	-	3,372,000
Fire Protection District No. 9	2,420,477	-	-	-	-	2,420,477
Water District No. 1	651,957	-	-	-	-	651,957
Ambulance Service District	4,711,354	-	-	-	-	4,711,354
Litigants, attorneys	-	106,860	-	-	-	106,860
State Pension Funds	2,150,226	-	-	-	-	2,150,226
Other Settlements	-	-	121,322	-	-	121,322
Refunds	634,611	12,202	35,646	-	-	682,459
Other reductions	120	223,761	-	-	119,396	343,277
Total reduction:	<u>77,013,328</u>	<u>592,210</u>	<u>4,393,732</u>	<u>1,191</u>	<u>119,396</u>	<u>82,119,857</u>
Change in Unsettled Deposits	<u>1,801,151</u>	<u>3,630</u>	<u>28,065</u>	<u>(1,178)</u>	<u>722</u>	<u>1,832,390</u>
Unsettled Deposits, beginning	<u>1,256,917</u>	<u>6,900</u>	<u>160,117</u>	<u>13,479</u>	<u>4,936</u>	<u>1,442,349</u>
Unsettled Deposits, ending	<u>\$ 3,058,068</u>	<u>\$ 10,530</u>	<u>\$ 188,182</u>	<u>\$ 12,301</u>	<u>\$ 5,658</u>	<u>\$ 3,274,739</u>

Supplementary Information. See the accompanying independent auditor's report

DESOTO PARISH SHERIFF
Mansfield, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2017

Rodney Arbuckle, Sheriff

Purpose:

Salary	\$	165,544
Benefits - Insurance		5,200
Benefits - Retirement		45,120
Benefits - Other		9,000
Car Allowance		-
Per diem		-
Reimbursements		-
Travel		5,277
Registration fees		-
Conference travel		-
Continuing professional education fees		425
Unvouched expenses		-
Special meals		-
Total	\$	230,566

Supplementary information.
See the accompanying independent auditor's report.

ANNUAL REPORTING REQUIREMENT OF SHERIFF AS EX OFFICIO TAX COLLECTOR TO LEGISLATIVE AUDITOR

State of Louisiana, Parish of DeSoto
Rodney Arbuckle, Sheriff of DeSoto Parish

BEFORE ME, the undersigned authority, personally came and appeared, Rodney Arbuckle, the sheriff of DeSoto Parish, State of Louisiana, who after being duly sworn, deposed and said:

\$3,058,068 is the amount of cash on hand in the tax collector accounts on June 30, 2017.

The cash on hand is monies collected under protest.

The following is a list of ad valorem taxes assessed, collected, and uncollected for 2016:

	2016 Adjusted Tax Assessed	2016 Collections	2016 Uncollected
Louisiana Dept of Forestry	\$ 30,692	\$ 30,692	\$ -
Red River Levee District	3,120	3,120	-
Louisiana Tax Commission	52,642	52,642	-
DeSoto Parish:			
Sheriff's General Fund	8,605,347	8,596,932	8,415
Police Jury	11,565,807	11,554,497	11,310
School Board	40,750,884	40,711,054	39,830
Tax Assessor	1,725,210	1,723,524	1,686
Communications District (E911)	869,506	868,656	850
Fire Protection District No. 1	1,167,924	1,167,265	659
Fire Protection District No. 2	724,215	722,597	1,618
Fire Protection District No. 3	370,235	370,207	28
Fire Protection District No. 5	393,448	392,662	786
Fire Protection District No. 8	3,366,250	3,362,655	3,595
Fire Protection District No. 9	2,638,014	2,637,653	361
Water District No. 1	663,842	663,198	644
Ambulance Service District	4,830,587	4,825,864	4,723
	<u>\$ 77,757,723</u>	<u>\$ 77,683,218</u>	<u>\$ 74,505</u>

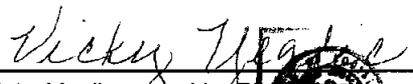
The taxes that were uncollected consist of oil wells that no longer produce and moveable property of businesses that have closed. Liens have been placed on these properties.

The above information is true and correct.

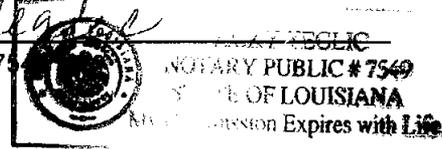


Sheriff of DeSoto Parish

SWORN to and subscribed before me, Notary, this 28st day of December, 2017, in my office in Mansfield, LA.



Vicky Yeglic No. 57
Commission for life



Supplementary Information.
See the accompanying independent auditor's report

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, LA 71052

318-872-3007

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

Honorable Rodney G Arbuckle
DeSoto Parish Sheriff
Mansfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Sheriff's basic financial statements and have issued my report thereon dated December 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto 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 DeSoto Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish Sheriff's internal control.

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish 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 is 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 any audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the DeSoto Parish Sheriff, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Louisiana Legislative Auditor under Louisiana Revised Statute 21:513.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 28, 2017

DeSoto Parish Sheriff

Mansfield, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the Year ended June 30, 2017

Part I. SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

I have audited the basic financial statements of the DeSoto Parish Sheriff as of and for the year ended June 30, 2017, and have issued my report thereon dated December 28, 2017. I conducted my 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. My audit of the basic financial statements as of June 30, 2017, resulted in an unqualified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS:

Internal Control

Significant Deficiency

Yes

No

Material Weakness

Yes

No

Compliance

Compliance Material to Financial Statements

Yes

No

Other Matters

Yes

No

FEDERAL AWARDS: Not applicable

MANAGEMENT LETTER: None was issued.

Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

None noted.

DeSoto Parish Sheriff

Mansfield, Louisiana

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year ended June 30, 2017

None.

OTHER REPORT



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, LA 71052

318-872-3007

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the DeSoto Parish Sheriff
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish 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, 2016 through June 30, 2017. 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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Written policies and procedures do not address budgeting.

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

Written policies and procedures do not address how vendors are added to the vendor list, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with the public bid law, and documentation required to be maintained for all bids and price quotes.

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

Written policies and procedures do not address disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits.

Written policies and procedures do not address receipts.

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

Written policies and procedures were obtained and address payroll functions but do not specifically address reviewing and approval of attendance and leave.

- 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,

Written policies and procedures do not address contracting.

- 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, and (5) monitoring card usage.

Written policies and procedures do not address credit cards.

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

Travel policies and procedures were obtained and address the functions above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures do not address the above ethics requirements.

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

Written policies and procedures do not address debt service.

Management Response: For each item above, whether current policies are not sufficient or whether a written policy is not currently in place, Management will work towards adopting sufficient formal policies and procedures to address each item above. There is currently no debt and there are no plans in the foreseeable future to take on any debt, but in the event debt is considered a written policy will be adopted.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The DeSoto Parish Sheriff does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

This step is not applicable to the DeSoto Parish Sheriff.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

This step is not applicable to the DeSoto Parish Sheriff.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months for each of the five bank accounts selected.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Obtained bank statements and reconciliations for all months in the fiscal period and no evidence was found of management's review for each of the six bank accounts selected.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting management does not research reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management Response: *Management will address its policies and procedures regarding account reconciliations and outstanding items to ensure that management sufficiently documents reconciliation review and addresses deficiencies with outstanding item management.*

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

In all of the locations selected, the persons responsible for collecting cash are bonded by a blanket policy covering all employees and are not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. In all the locations selected, employees share a drawer or register with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

In all locations selected, there is a formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for the selected locations was obtained along with collection documentation, deposit slips, & bank statements. All deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Obtained collection documentation by location noting cash collections are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures do not address completeness of all collections, but in all locations, there is a process defined to determine the completeness of all collections by a person who is not responsible for collections.

Management Response: *Management will work towards adopting formal written policies and procedures to sufficiently describe the current procedures utilized. Further, management will review the policies and procedures regarding the sharing of registers. We will factor in our current controls in place (which includes video surveillance of registers) and the nature and volume of our cash collections, to determine if changes need to be made.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtain a listing of entity disbursements from management and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system

screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

In examining the supporting documentation for the 25 disbursements selected, no evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

In examining the supporting documentation for the 25 disbursements selected, no evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

In examining the supporting documentation for the 25 disbursements selected, no evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system, but approved invoices were observed.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Entity does not have a formal written policy but current procedure in place that prohibits the person responsible for processing payments from adding vendors to system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The entity does not have written documentation that requires that the person with signatory authority or the person that makes the final authorizations for disbursements has no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Entity utilizes electronic check printing and an inquiry of management and a review of documentation indicated persons with signatory authority do not have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Entity does utilize a signature stamp, but is only used with the knowledge and consent of the signer. No exceptions noted with signed checks.

Management Response: *Management will work towards revising our purchasing and disbursement policies and procedures to address issues where warranted and where practical. A written policy revision will detail the purchase order system currently utilized for larger purchases and management will review changes to current procedures for same.*

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

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

We obtained a listing of all active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of cards and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

There were 49 credit cards active during the fiscal period and ten cards were randomly selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained. There was no evidence that each statement was reviewed and approved by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed on any of the cards selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted as a result of applying this procedure.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions were noted as a result of applying this procedure.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted as a result of applying this procedure.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted as a result of applying this procedure.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g.

cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted as a result of applying this procedure.

Management Response: *We will be working towards a formal written policy for cards. A requirement for supervisor or management documentation of review of individual statements for all cards will be included in the revision.*

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of travel and expense reimbursements by person and management's representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The entity's written policies relating to travel and expense reimbursements were obtained and no amounts listed exceeded those amounts established by the U.S. General Services Administration.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

One reimbursement could not be confirmed because documentation detailing rates was not found. No other exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There was no documentation found for one reimbursement reviewed. No other exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions were noted as a result of applying this procedure.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions were noted as a result of applying this procedure.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the

transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted as a result of applying this procedure.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There was no documentation of review and approval found for one reimbursement reviewed. No other exceptions noted.

Management Response: *Management will review current travel expense and reimbursement policy and make any changes that are warranted. As part of the general purchasing and disbursement policies which are to be revised, a lost documentation/receipt protocol will be addressed and will include the development of a lost documentation/receipt form. This form will be signed and certified by employees and submitted in lieu of actual documentation or receipts in the event documentation or receipts are lost. This form will provide sufficient information concerning purchases/disbursements that management can utilize to approve the disbursement (including travel rates charged, nature of purchase, etc.).*

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

A Listing of all contracts in effect during the year and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted as a result of applying this procedure.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

There were no instances of noncompliance noted as a result of applying this procedure.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no instances of noncompliance noted as a result of applying this procedure.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

One contract reviewed was amended but the amendment was limited in scope and did not have a material financial impact. The original contract did not prohibit subsequent amendments.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no instances of noncompliance noted as a result of applying this procedure.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

This procedure is not applicable to entity.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No employment contracts or pay rate structure noted for entity during fiscal period. Entity adopted formal pay structure which became effective July 1, 2017.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no noted changes in pay rate or salary made in writing during the fiscal period. The adopted formal pay structure effective July 1, 2017 requires that changes in pay be made in writing.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All selected employees had daily attendance and leave documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted as a result of applying this procedure.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted as a result of applying this procedure.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted as a result of applying this procedure.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and

employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted as a result of applying this procedure.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted as a result of applying this procedure.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The DeSoto Parish Sheriff does not have any outstanding debt.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The DeSoto Parish Sheriff has no tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity has the required notices posted on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

No exceptions were observed or identified regarding management’s representations in the procedures above.

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.

Dees Gardner, Certified Public Accountants, LLC

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
December 28, 2017