

R E P O R T

ST. BERNARD PARISH SHERIFF

CHALMETTE, LOUISIANA

JUNE 30, 2017

ST. BERNARD PARISH SHERIFF

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JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

December 29, 2017

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Honorable James J. Pohlmann
St. Bernard Parish Sheriff
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We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Sheriff 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 index to the report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Sheriff as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 53, the schedule of funding progress for other postemployment plans on page 54, the schedule of the Sheriff's proportionate share of the net pension liability on page 55, and the schedule of Sheriff's pension contributions on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Parish Sheriff's financial statements. The other supplementary information on pages 59 through 67 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such basic 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information on pages 59 through 67, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the St. Bernard Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Bernard Parish Sheriff's internal control over financial reporting.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

Within this section of the St. Bernard Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2017. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

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

FINANCIAL HIGHLIGHTS

As of June 30, 2017, the Sheriff's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,150,531 (net position).

Total net position is comprised of the following:

1. Capital assets of \$7,109,955 include property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase of capital assets.
2. Unrestricted net assets represent the portion available to maintain the Sheriff's continuing obligations to citizens and creditors. Unrestricted assets had a deficit balance of \$3,959,424.

The Sheriff's governmental funds reported total ending fund balance of \$8,294,503. This compares to the prior year ending fund balance of \$7,807,855, an increase of \$486,648 during the year ended June 30, 2017.

At June 30, 2017, the unassigned fund balance for the General Fund was \$8,015,800, or 34% of total General Fund expenditures and 33% of total General Fund revenues including transfers. Non-spendable fund balance for the General Fund was \$278,703 or 1% of total General Fund expenditures and 1% of General Fund revenues including transfers.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

FUND FINANCIAL STATEMENTS (Continued)

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

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

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action, and the individual prison inmate accounts. The fiduciary fund financial statement is presented on page 20 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the St. Bernard Parish Sheriff's budgetary comparison (page 53), progress in funding its obligations to provide other postemployment benefits (page 54), proportionate share of the net pension liability (page 55), and pension contributions (page 56).

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff's net position at fiscal year-end is a balance of \$3,150,531. The following table provides a summary of the Sheriff's net position:

COMPARATIVE STATEMENTS OF NET POSITION

| | June 30, 2017 | | June 30, 2016 | |
|----------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
| | Governmental <u>Activities</u> | Percentage <u>Total</u> | Governmental <u>Activities</u> | Percentage <u>Total</u> |
| <u>Assets:</u> | | | | |
| Current assets and other assets | \$ 9,497,394 | 57% | \$ 8,721,917 | 55% |
| Capital assets, net | 7,109,955 | 43% | 7,073,137 | 45% |
| Total | <u>16,607,349</u> | <u>100%</u> | <u>15,795,054</u> | <u>100%</u> |
| <u>Deferred Outflows</u> | <u>5,406,015</u> | <u>100%</u> | <u>2,240,787</u> | <u>100%</u> |
| <u>Liabilities:</u> | | | | |
| Current liabilities | 1,209,595 | 7% | 1,060,358 | 8% |
| Long-term liabilities | 16,476,388 | 93% | 12,691,998 | 92% |
| Total liabilities | <u>17,685,983</u> | <u>100%</u> | <u>13,752,356</u> | <u>100%</u> |
| <u>Deferred Inflows</u> | <u>1,176,850</u> | <u>100%</u> | <u>1,841,085</u> | <u>100%</u> |
| <u>Net Position:</u> | | | | |
| Net investment in capital assets | 7,109,955 | 226% | 7,073,137 | 290% |
| Unrestricted | (3,959,424) | -126% | (4,630,737) | -190% |
| Total net position | <u>\$ 3,150,531</u> | <u>100%</u> | <u>\$ 2,442,400</u> | <u>100%</u> |

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 7.8 to 1 at June 30, 2017.

The Sheriff reported an increase in net position for the governmental activities. Net position increased \$708,131 for governmental activities in fiscal year 2017.

Note that 226% of the governmental activities' net position is invested in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

The following table provides a summary of the Sheriff's changes in net position for the years ended June 30, 2017 and 2016:

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Continued)

COMPARATIVE STATEMENTS OF ACTIVITIES

| | <u>June 30, 2017</u> | | <u>June 30, 2016</u> | |
|------------------------------|-----------------------|-------------------|-------------------------|-------------------|
| | <u>Governmental</u> | <u>Percentage</u> | <u>Governmental</u> | <u>Percentage</u> |
| <u>Revenues:</u> | <u>Activities</u> | <u>Total</u> | <u>Activities</u> | <u>Total</u> |
| Program: | | | | |
| Charges for services | \$ 7,077,044 | 28% | \$ 6,492,148 | 25% |
| Operating grants | 1,830,277 | 7% | 3,102,877 | 12% |
| General: | | | | |
| Property taxes | 9,660,611 | 38% | 9,749,989 | 37% |
| Sales taxes | 4,082,811 | 16% | 3,382,660 | 13% |
| Unrestricted state grants | 841,864 | 3% | 817,643 | 3% |
| Interest earnings | 22,868 | 0% | 4,156 | 0% |
| Gain on disposal of assets | 9,800 | 0% | 61,203 | 0% |
| BP settlement income | - | 0% | 998,095 | 4% |
| Miscellaneous | 1,629,708 | 6% | 1,751,199 | 7% |
| Total revenues | <u>25,154,983</u> | <u>100%</u> | <u>26,359,970</u> | <u>100%</u> |
| <u>Program Expenses:</u> | | | | |
| Public safety | <u>24,446,852</u> | <u>100%</u> | <u>24,297,328</u> | <u>100%</u> |
| Total expenses | <u>24,446,852</u> | <u>100%</u> | <u>24,297,328</u> | <u>100%</u> |
| Change in net position | <u>\$ 708,131</u> | | <u>\$ 2,062,642</u> | |

GOVERNMENTAL REVENUES

The Sheriff is heavily reliant on property and sales taxes to support its operations. Property and sales taxes provided 54% of the Sheriff's total revenues. Program revenues, including operating grants received and charges for services, accounted for 35% of governmental operating revenues.

GOVERNMENTAL FUNCTIONAL EXPENSES

The total function of the Sheriff's office is public safety activities. Depreciation on the building improvements, vehicles, office furniture and equipment, and law enforcement weapons and communication equipment was \$770,752 or 3% of total expenses.

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$8,294,503. Of this total, \$8,015,800 or 97% is unassigned indicating availability for continuing the Sheriff's activities.

MAJOR GOVENMENTAL FUNDS

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$486,648 from the prior year.

Operating expenditures were approximately \$23.4 million or 1.3% less than fiscal year 2016. Non-personnel operating costs decreased approximately \$0.7 million or 12.1% over the prior year. The reason for the decrease was related to a decrease in capital outlay as construction on the additional substations was completed in the prior year.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund's original revenue budget for fiscal year 2017 was less than the actual amounts reported in fiscal year 2017. The final revenue budget for fiscal year 2017 was less than the actual amounts reported in the fiscal year due to increased sales tax revenues and prisoner care and maintenance revenues, as the parish continues to recover from Hurricane Katrina.

The original expenditure budget for fiscal year 2017 was less than the actual amounts. The final expenditure budget for fiscal year 2017 was less than the actual amounts. Actual expenditures exceeded final budgeted expenditures primarily in the areas of personnel services and related benefits, operating services, and capital outlay.

The final amended revenues budget increased 6.5% from the original budget. Actual revenue exceeded the final budget by 6.8%. The final amended expenditure budget increased 6.5% over the original budget. Actual expenditures exceeded the final budget by 4.7%.

The actual excess of revenues over expenditures over the final budget was \$476,848.

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2017, was \$7,109,955. The net increase was \$36,818 for the Sheriff. See Note 5 for additional information about changes in capital assets during the fiscal year and capital assets owned at the end of the fiscal year. The following table provides a summary of capital asset activity. The increase was due primarily to the purchases of vehicles and law enforcement equipment.

CAPITAL ASSETS

| | <u>Governmental Activities</u> | |
|------------------------------------------------------|--------------------------------|----------------------|
| | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
| <u>Assets:</u> | | |
| Land and building improvements | \$ 5,515,734 | \$ 5,512,473 |
| Vehicles | 5,381,916 | 5,038,326 |
| Boats and equipment | 421,064 | 403,081 |
| Office furniture and equipment | 2,148,418 | 2,076,228 |
| Law enforcement weapons and communications equipment | 1,965,722 | 1,714,910 |
| Total assets | 15,432,854 | 14,745,018 |
| Less accumulated depreciation | 8,322,899 | 7,671,881 |
| Net book value - depreciable assets | 7,109,955 | 7,073,137 |
| Construction in progress | - | - |
| Net book value - total capital assets | \$ 7,109,955 | \$ 7,073,137 |
| Percentage depreciated | 54% | 52% |

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

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

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
JUNE 30, 2017

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|----------------------------------------|------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash and cash equivalents | \$ 7,061,786 |
| Due from other governmental units | 940,520 |
| Due from other funds | 1,216,385 |
| Prepaid items | 278,703 |
| Total current assets | <u>9,497,394</u> |
| Noncurrent assets: | |
| Capital assets, net | <u>7,109,955</u> |
| Total noncurrent assets | <u>7,109,955</u> |
| Total assets | <u>16,607,349</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred outflows related to pensions | <u>5,406,015</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts and other accrued payables | 1,152,609 |
| Due to other funds | 6,986 |
| Legal settlement | 50,000 |
| Total current liabilities | <u>1,209,595</u> |
| Noncurrent liabilities: | |
| OPEB payable | 5,238,111 |
| Legal settlement | 300,000 |
| Net pension liability | 10,938,277 |
| Total noncurrent liabilities | <u>16,476,388</u> |
| Total liabilities | <u>17,685,983</u> |
| DEFERRED INFLOWS OF RESOURCES: | |
| Deferred inflows related to pensions | <u>1,176,850</u> |
| NET POSITION: | |
| Investment in capital assets | 7,109,955 |
| Unrestricted | <u>(3,959,424)</u> |
| Total net position | <u>\$ 3,150,531</u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| Activities | Expenses | Program Revenues | | Net (Expense) Revenues and Changes in Net Position Governmental Activities |
|------------------------------------------------------------------------------|----------------------|------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | |
| Governmental activities: | | | | |
| Public safety | \$ 24,446,852 | \$ 7,077,044 | \$ 1,830,277 | \$ (15,539,531) |
| Total | \$ <u>24,446,852</u> | \$ <u>7,077,044</u> | \$ <u>1,830,277</u> | <u>(15,539,531)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Sales and property taxes, levied for general purposes | | | | 13,743,422 |
| Grants and contributions not restricted to specific programs - State sources | | | | 841,864 |
| Interest earnings | | | | 22,868 |
| Gain on disposal of assets | | | | 9,800 |
| Miscellaneous | | | | <u>1,629,708</u> |
| Total general revenues | | | | <u>16,247,662</u> |
| Change in net position | | | | <u>708,131</u> |
| Net position - July 1, 2016 | | | | <u>2,442,400</u> |
| Net position - June 30, 2017 | | | | <u>\$ 3,150,531</u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

| | <u>GENERAL FUND</u> |
|----------------------------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 6,904,039 |
| Receivables: | |
| Due from other governmental units | 940,520 |
| Due from other funds | 1,216,385 |
| Prepaid expenditures | <u>278,703</u> |
| Total assets | <u>\$ 9,339,647</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | |
| Liabilities: | |
| Accounts, salaries, and withholdings payable | \$ 988,158 |
| Due to other funds | 6,986 |
| Legal settlements | 50,000 |
| Total liabilities | <u>1,045,144</u> |
| Fund balances: | |
| Nonspendable (prepaid expenditures) | 278,703 |
| Unassigned | <u>8,015,800</u> |
| Total fund balances | <u>8,294,503</u> |
| Total liabilities and fund balances | <u>\$ 9,339,647</u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Total fund balances for governmental funds at June 30, 2017 (Page 13) \$ 8,294,503

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

Those assets consist of:

| | | |
|---------------------------------------------------------------------------------------------------|---------------|-----------|
| Land and building improvements, net of \$383,528 accumulated depreciation | \$ 5,132,206 | |
| Vehicles, net of \$4,085,358 accumulated depreciation | 1,296,558 | |
| Equipment and furniture, net of \$1,798,894 accumulated depreciation | 349,524 | |
| Law enforcement weapons and communications equipment, net of \$1,659,502 accumulated depreciation | 306,220 | |
| Boats and equipment, net of \$395,617 accumulated depreciation | <u>25,447</u> | 7,109,955 |

Deferred outflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds. 5,406,015

Internal service funds are used by management to charge the cost of insuring risk (i.e. self-insurance) to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. (6,704)

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

This debt is:

| | | |
|-----------------------|------------------|--------------|
| OPEB Payable | (5,238,111) | |
| Net Pension Liability | (10,938,277) | |
| Legal settlement | <u>(300,000)</u> | (16,476,388) |

Deferred inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds. (1,176,850)

Total net position of governmental activities at June 30, 2017 (Page 11) \$ 3,150,531

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>GENERAL FUND</u> |
|-------------------------------------------------------------|-------------------------|
| Revenues: | |
| Ad valorem taxes | \$ 9,660,611 |
| Sales taxes | 4,082,811 |
| Intergovernmental revenues: | |
| Federal grants and state grants | 708,524 |
| State revenue sharing | 336,956 |
| State supplemental pay | 1,121,753 |
| Video poker | 504,908 |
| Fees, charges, and commissions for services: | |
| Commissions on sales taxes, licenses, etc. | 2,869,128 |
| Prisoner care and maintenance | 2,151,580 |
| Civil and criminal fees and court cost | 865,054 |
| Detail income | 641,602 |
| Interest income | 22,868 |
| Other | 960,243 |
| Total revenues | <u>23,926,038</u> |
| Expenditures: | |
| Public safety: | |
| Personnel services and related benefits | 18,016,507 |
| Operating services | 3,526,899 |
| Material and supplies | 962,880 |
| Travel and other charges | 21,978 |
| Capital outlay | 807,570 |
| Miscellaneous | 28,356 |
| Legal settlement | 85,000 |
| Total expenditures | <u>23,449,190</u> |
| Excess of revenues over expenditures | 476,848 |
| Other financing sources: | |
| Proceeds from sale of assets | <u>9,800</u> |
| Excess of revenue and other financing sources over expenses | 486,648 |
| Fund balances, beginning | <u>7,807,855</u> |
| Fund balances, ending | <u>\$ 8,294,503</u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------------------|
| Total net changes in fund balances at June 30, 2017, per statement of revenues, expenditures, and changes in fund balances (page 15) | \$ | 486,648 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlays which are considered expenditures on statement of revenues, expenditures, and changes in fund balances | \$ | 807,570 |
| Book value of disposed assets | | - |
| Depreciation expense for the year ended June 30, 2017 | | <u>(770,752)</u> |
| | | 36,818 |
| <p>Payment of other postemployment benefits is reported as an expenditure in the governmental funds when actually paid. However, on the statement of activities, other postemployment benefits are expensed as they are accrued. This is the change in the other postemployment liability.</p> | | |
| | | (579,718) |
| <p>Pension benefit (expense), which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.</p> | | |
| | | (94,674) |
| <p>Non-employer contributions are reported as revenues in the governmental funds when made. The Sheriff's proportionate share of non-employer contributions to the pension plan is reported in the statement of activities.</p> | | |
| | | 669,465 |
| <p>Legal settlement is expensed in governmental funds when accrued.</p> | | |
| | | 50,000 |
| <p>Internal service funds are used by management to charge the costs of risk management activities (i.e., self insurance) to individual departments and funds. The change in net assets of the internal service funds is reported with governmental activities.</p> | | |
| | | <u>139,592</u> |
| Total change in net position for the year ended June 30, 2017, per Statement of Activities (page 12) | \$ | <u><u>708,131</u></u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

| | GOVERNMENTAL <u>ACTIVITIES</u> INTERNAL <u>SERVICE</u> |
|-------------------------------------|-----------------------------------------------------------------|
| ASSETS: | |
| Current assets: | |
| Cash | \$ <u>157,747</u> |
| Total assets | <u>157,747</u> |
| | |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts and other accrued payables | <u>164,451</u> |
| Total liabilities | <u>164,451</u> |
| | |
| NET DEFICIT: | |
| Unrestricted | <u>(6,704)</u> |
| Total net position (deficit) | <u>\$ (6,704)</u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
 PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE</u> |
|-------------------------------------------|-------------------------------------------------------------|
| Operating revenues: | |
| Charges for services | \$ 3,079,680 |
| Total operating revenues | <u>3,079,680</u> |
| Operating expenses: | |
| Public safety: | |
| Personnel services and related benefits | 2,789,703 |
| Professional services and administrative | <u>150,385</u> |
| Total operating expenses | <u>2,940,088</u> |
| Operating income | <u>139,592</u> |
| Change in net position | 139,592 |
| Net position (deficit), beginning of year | <u>(146,296)</u> |
| Net position (deficit), end of year | <u>\$ (6,704)</u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | GOVERNMENTAL <u>ACTIVITIES</u> INTERNAL <u>SERVICE</u> |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from user departments and participants | \$ 3,079,680 |
| Cash paid for claims | <u>(2,952,771)</u> |
| Net cash provided by operating activities | <u>126,909</u> |
| Net increase in cash and cash equivalents | 126,909 |
| Cash and cash equivalents at beginning of the year | <u>30,838</u> |
| Cash and cash equivalents at end of the year | <u><u>\$ 157,747</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 139,592 |
| Decrease in accounts payable | <u>(12,683)</u> |
| Net cash provided by operating activities | <u><u>\$ 126,909</u></u> |

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

| | <u>AGENCY FUNDS</u> |
|---------------------------------------------------------|-------------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 5,603,216 |
| Due from other funds | <u>6,986</u> |
| Total assets | <u>5,610,202</u> |
| LIABILITIES: | |
| Due to other funds, taxing bodies, prisoners and others | <u>5,610,202</u> |
| Total liabilities | <u>5,610,202</u> |
| Net position | <u>\$ -</u> |

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

INTRODUCTION

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY

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

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF PRESENTATION, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

Fund Financial Statements (FFS) (Continued)

Governmental Funds

The General Fund is the primary operating fund of the Sheriff and it accounts for all financial resources, except those required to be in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and in accordance with the Sheriff's policy.

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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 the government-wide view of Sheriff's operations.

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

Revenues

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

Fund Financial Statements (FFS) (Continued)

Governmental Funds (Continued)

Revenues (Continued)

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

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

Expenditures

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

Proprietary Funds

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

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

Fund Financial Statements (FFS) (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus but use the accrual basis of accounting.

BUDGETS

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

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. They are stated at cost, which approximates market. Cash equivalents consist of short-term government mutual funds. They are stated at cost, which approximates market.

Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

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

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, transactions can occur between individual funds. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

PREPAID ITEMS

Insurance payments paid to insurance agencies and rental payments made to lessors that will benefit periods beyond June 30, 2017, are recorded as prepaid items.

CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost, if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold of \$1,000 or more for capitalizing capital assets.

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CAPITAL ASSETS (Continued)

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|---------------------------------|-------------------------------|
| Electrical/Plumbing/Roofing | 30 |
| Office equipment and furniture | 5 – 7 |
| Vehicles | 5 |
| Improvements - carpet | 7 |
| HVAC Systems (Air Conditioning) | 20 |
| Buildings | 40 |

COMPENSATED ABSENCES

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

Employees earn vacation based on continuous service as follows:

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

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

Sick leave is earned at a rate of one day per month of service and can be accumulated up to 90 days. Sick leave is lost upon termination. The cost of current leave privileges is recognized as current-year expenditure in the General Fund when the leave is actually taken. At June 30, 2017, there are no accumulated and vested leave privileges to be accrued in accordance with generally accepted governmental accounting principles.

EQUITY AND FUND BALANCE CLASSIFICATIONS

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

EQUITY AND FUND BALANCE CLASSIFICATIONS (Continued)

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

Fund balance is classified in the following components:

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

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

INTERFUND TRANSACTIONS

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ESTIMATES

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

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

PENSION PLANS

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

ADOPTION OF NEW ACCOUNTING PRINCIPLES

During the year ended June 30, 2017, the Sheriff implemented GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, 68, & 83*. This statement changed the measure of payroll that is presented in the schedules of required supplementary information to covered payroll.

2. CASH AND CASH EQUIVALENTS:

At June 30, 2017, the Sheriff had cash and cash equivalents (book balances) totaling \$12,665,002 as follows:

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. CASH AND CASH EQUIVALENTS: (Continued)

| | Government-Wide Statement of Net Position | Fiduciary Fund Statement of Net Position | Total |
|-------------------------------|-------------------------------------------------|------------------------------------------------|----------------------|
| Cash: | | | |
| Cash on hand | \$ 550 | \$ - | \$ 550 |
| Non-interest-bearing deposits | 2,136,412 | 674,856 | 2,811,268 |
| Interest-bearing deposits | 676,874 | - | 676,874 |
| Cash equivalents | 4,247,950 | 4,928,360 | 9,176,310 |
| Total | <u>\$ 7,061,786</u> | <u>\$ 5,603,216</u> | <u>\$ 12,665,002</u> |

Deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) of \$3,822,428 at June 30, 2017, were entirely secured by federal deposit insurance, pledged securities, and an irrevocable standby letter of credit.

Cash equivalents are stated at cost, which approximates market. Cash equivalents consist of the Federated Trust Mutual Fund. This fund is owned by Federated Investors and consists of investments in government securities. These funds are held in the name of the Gulf Coast Bank trust department. At June 30, 2017, the Sheriff's cash equivalent bank balances were \$5,654,094.

For the year ended June 30, 2017, cash equivalents in the amount of \$3,563,224 consisted of government pooled investments maintained by the Louisiana Asset Management Pool (LAMP) held by a custodial bank in the name of the Sheriff.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

1. Credit risk – Lamp is rated AAAM by Standard & Poor's.

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2. CASH AND CASH EQUIVALENTS: (Continued)

2. Custodial credit risk – LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk – Pooled investments are excluded from the 5 percent disclosure requirement.
4. Interest rate risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days.
5. Foreign currency risk – Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on 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.

LAMP is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. LAMP’s financial statements can be obtained by contacting LAMP at 225 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130. The LAMP administrative office can be reached at 800-249-5267 for any questions.

3. STATEMENT OF CASH FLOWS:

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

4. DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units at June 30, 2017, consist of the following:

| | |
|-------------------------------|-------------------|
| St. Bernard Parish Government | \$ 67,016 |
| State of Louisiana | 184,320 |
| U.S. Government: | |
| Federal grants | 582,979 |
| Prisoner care | 106,205 |
| Total | <u>\$ 940,520</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
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JUNE 30, 2017

5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017, was as follows:

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|------------------------------------------------------|---------------------------------------|------------------|------------------|----------------------------------------|
| Land and building improvements | \$ 5,512,473 | \$ 3,261 | \$ - | \$ 5,515,734 |
| Vehicles | 5,038,326 | 428,122 | 84,532 | 5,381,916 |
| Boats and equipment | 403,081 | 17,983 | - | 421,064 |
| Office furniture and equipment | 2,076,228 | 98,668 | 26,478 | 2,148,418 |
| Law enforcement weapons and communications equipment | 1,714,910 | 259,536 | 8,724 | 1,965,722 |
| Total | <u>14,745,018</u> | <u>807,570</u> | <u>119,734</u> | <u>15,432,854</u> |
| Less: accumulated depreciation | | | | |
| Land and building improvements | 247,124 | 136,404 | - | 383,528 |
| Vehicles | 3,744,887 | 425,003 | 84,532 | 4,085,358 |
| Boats and equipment | 379,685 | 15,932 | - | 395,617 |
| Office furniture and equipment | 1,695,885 | 129,487 | 26,478 | 1,798,894 |
| Law enforcement weapons and communications equipment | 1,604,300 | 63,926 | 8,724 | 1,659,502 |
| Total | <u>7,671,881</u> | <u>770,752</u> | <u>119,734</u> | <u>8,322,899</u> |
| Net capital assets | <u>\$ 7,073,137</u> | <u>\$ 36,818</u> | <u>\$ -</u> | <u>\$ 7,109,955</u> |

6. AD VALOREM TAXES:

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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6. AD VALOREM TAXES: (Continued)

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2017, law enforcement taxes applicable to the Sheriff's General Fund were levied at the rate of 31.31 mills on property with net assessed valuations totaling \$313,995,760. Total law enforcement taxes levied during 2017 were \$9,831,341.

7. PENSION PLAN:

Plan Description

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

Benefits Provided

Retirement Benefits

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

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

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CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION PLAN: (Continued)

Benefits Provided (Continued)

Retirement Benefits (Continued)

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

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

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

Disability Benefits

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

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 member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum

ST. BERNARD PARISH SHERIFF
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION PLAN: (Continued)

Benefits Provided (Continued)

Survivor Benefits (Continued)

of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-three, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

Deferred Benefits

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

Back Deferred Retirement Option Plan (Back-DROP)

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION PLAN: (Continued)

Contributions

Plan members are required by state statute to contribute 10.25% of their annual covered salary and the St. Bernard Parish Sheriff is required to contribute at an actuarially determined rate. For the year ended June 30, 2017, the employer contribution rate is 13.25% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the St. Bernard Parish Sheriff are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The St. Bernard Parish Sheriff's contributions to the System for the year ending June 30, 2017, were \$1,615,396.

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

At June 30, 2017, the Sheriff reported a liability for the Louisiana Sheriffs' Pension and Relief Fund of \$10,938,277 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Sheriff's proportion of the net pension liability for the retirement system was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Sheriff's proportion for the Louisiana Sheriffs' Pension and Relief Fund was 1.723406%. This reflects a decrease for the Louisiana Sheriffs' Pension and Relief Fund of 0.000335% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense, for which there were no forfeitures, as follows:

| | |
|------|---------------------|
| | Pension Expense |
| SPRF | <u>\$ 1,710,070</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION PLAN: (Continued)

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

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 | SPRF Deferred Inflows of Resources |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,147,304 |
| Changes of assumptions | 893,623 | |
| Net difference between projected and actual earnings on pension plan investments | 2,739,494 | - |
| Changes in proportion and differences between employer and non-employer contributions and proportionate share of contributions | 157,502 | 29,546 |
| Employer and non-employer contributions subsequent to the measurement date | 1,615,396 | - |
| Total | <u>\$ 5,406,015</u> | <u>\$ 1,176,850</u> |

During the year ended June 30, 2017, employer contributions totaling \$1,615,396 were made subsequent to the measurement date for the Louisiana Sheriffs' Pension and Relief Fund. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized in pension expense as follows:

| | SPRF |
|----------------------|---------------------|
| Year ending June 30: | |
| 2018 | \$ 334,790 |
| 2019 | 334,790 |
| 2020 | 1,132,748 |
| 2021 | 767,409 |
| 2022 | 22,018 |
| 2023 | 22,014 |
| Total | <u>\$ 2,613,769</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
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7. PENSION PLAN: (Continued)

Actuarial Assumptions

The total pension liability for the Louisiana Sheriffs' Pension and Relief Fund in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

| | SPRF |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Expected remaining service lives | 2016 - 7 years, 2015 - 6 years, 2014 - 6 years |
| Investment rate of return | 7.6%, net of investment expense |
| Inflation rate | 2.875% per annum |
| Projected salary increases | 5.5% (2.875% Inflation, 2.625% merit) |
| Cost-of-living adjustments | The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic |
| Mortality | RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants, and beneficiaries RP-2000 Disabled Lives Mortality Table |
| Termination and disability | Termination, disability, and retirement assumptions were projected based on a 5-year (2010-2015) experience study of the System's members. |

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected inflation. Estimates of arithmetic real rates of return for each major asset class based on the Louisiana Sheriffs' Pension and Relief Fund's target asset allocation as of June 30, 2016, are as follows:

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION PLAN: (Continued)

Actuarial Assumptions (Continued)

| <u>Asset Class</u> | Target Asset Allocation <u>SPRF</u> | Real Return Arithmetic Basis <u>SPRF</u> | Long-Term Expected Real <u>SPRF</u> |
|------------------------------------|-------------------------------------------|------------------------------------------------|-------------------------------------------|
| Equity securities | 60% | 6.40% | 3.90% |
| Bonds | 25% | 1.90% | 0.50% |
| Alternative investments | <u>15%</u> | 4.30% | <u>0.60%</u> |
| Totals | 100% | | 5.00% |
| Inflation | | | <u>2.70%</u> |
| Expected arithmetic nominal return | | | 7.70% |

Discount Rates

The discount rate used to measure the total pension liability for the Louisiana Sheriffs' Pension and Relief Fund was 7.5%. 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 determined rates approved by PRSAC taking into consideration the recommendation of the Louisiana Sheriffs' Pension and Relief Fund's actuary. Based on those assumptions, the Louisiana Sheriffs' Pension and Relief Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.5%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

| | 1.0% Decrease 6.5% | Current Discount Rate 7.5% | 1.0% Increase 8.5% |
|------|-----------------------|----------------------------------|-----------------------|
| SPRF | <u>\$ 18,557,902</u> | <u>\$ 10,938,277</u> | <u>\$ 4,649,180</u> |

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION PLAN: (Continued)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Sheriff recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the Sheriff recognized revenue as a result of support received from non-employer contributing entities of \$669,465 for its participation in the Louisiana Sheriffs' Pension and Relief Fund.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana Sheriffs' Pension and Relief Fund's 2016 Annual Financial Report, which may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana, 70802, or by calling (225) 219-0500.

Payables to the Pension Plan

At June 30, 2017, \$69,737 was payable to the Louisiana Sheriffs' Pension and Relief Fund for June 2017 employer legally required contributions.

8. DEFERRED COMPENSATION PENSION FUND:

All employees of the St. Bernard Parish Sheriff are required by law to contribute to a pension fund. Those employees who are not sheriffs or deputies and therefore not eligible to participate in the Louisiana Sheriffs' Pension and Relief Fund (see note 7), have the option of participating in the Louisiana Public Employees' Deferred Compensation Plan, or the Public Employees Benefit Services Corporation Deferred Compensation Program.

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
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JUNE 30, 2017

8. DEFERRED COMPENSATION PENSION FUND: (Continued)

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

The following is a summary of the payrolls covered and contributions made to the plan during the year ended June 30, 2017:

| | | |
|-----------------------|----------------|-----------------|
| Total covered payroll | | <u>\$ 6,000</u> |
| | <u>Percent</u> | <u>Amount</u> |
| Contributions: | | |
| Employer | 5.0% | \$ 300 |
| Employee | <u>7.5%</u> | <u>1,650</u> |
| Total | <u>12.5%</u> | <u>\$ 1,950</u> |

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

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. DEFERRED COMPENSATION PENSION FUND: (Continued)

The following is a summary of the deferrals made to the Program during the fiscal year ended June 30, 2017:

| | | |
|-----------------------|----------------|-------------------|
| Total covered payroll | | <u>\$ 305,475</u> |
| | <u>Percent</u> | <u>Amount</u> |
| Contributions: | | |
| Employer | 5.0% | \$ 15,440 |
| Employee | 7.5% | 68,084 |
| Total | <u>12.5%</u> | <u>\$ 83,524</u> |

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

9. CHANGES IN AGENCY FUND BALANCES:

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

| | Tax Collector <u>Fund</u> | Civil <u>Fund</u> | Cash Bond <u>Fund</u> | Inmate Deposit <u>Fund</u> | <u>Total</u> |
|------------------------|---------------------------------|----------------------|-----------------------------|----------------------------------|---------------------|
| Balance, July 1, 2016 | \$ 4,268,226 | \$ 237,327 | \$ 169,410 | \$ 52,451 | \$ 4,727,414 |
| Additions | 88,469,132 | 1,330,672 | 185,908 | 281,803 | 90,267,515 |
| Reductions | <u>87,613,876</u> | <u>1,349,649</u> | <u>135,225</u> | <u>285,977</u> | <u>89,384,727</u> |
| Balance, June 30, 2017 | <u>\$ 5,123,482</u> | <u>\$ 218,350</u> | <u>\$ 220,093</u> | <u>\$ 48,277</u> | <u>\$ 5,610,202</u> |

10. LITIGATION AND CLAIMS:

At June 30, 2017, the St. Bernard Parish Sheriff is a defendant in several lawsuits seeking damages. These lawsuits are in various stages of resolution; and since these cases and claims are characterized by conditions and complexities, estimation of the ultimate liability is extremely difficult. In cases where judgments have been reached, Louisiana courts have ruled that plaintiffs cannot seize the assets of the Sheriff. Accordingly, no provision for any liability that may result is made in the financial statements until the funds are appropriated by the Sheriff.

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10. LITIGATION AND CLAIMS: (Continued)

The Sheriff was a defendant in a case that was settled in December 2013 in which the Sheriff was liable for \$650,000. The settlement called for the first payment of \$100,000 that was paid in December 2013. The remaining portion was to be paid over a 10-year period starting with \$100,000 being due in December 2014. The remaining \$450,000 was to be paid over the following 9 years at \$50,000 a year, due each December. The entire liability of \$650,000 was accrued on the Sheriff's books at June 30, 2013. At June 30, 2017, \$350,000 of the liability remained on the Sheriff's books, with \$50,000 being due within the next year.

11. RISK MANAGEMENT:

The Sheriff is exposed to risks of loss in the areas of auto liability, professional law enforcement liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage which includes deductibles. Currently, the St. Bernard Parish Sheriff is a defendant in several insured claims in various stages of resolution which may be subject to the deductible limits. It is possible that the St. Bernard Parish Sheriff could have exposure of up to \$400,000 for the claims.

The Sheriff uses Internal Service Funds to account for insured and uninsured medical and auto claims. At June 30, 2017, the Medical Claims Fund had a deficit fund balance of \$32,015.

12. DUE TO/FROM OTHER FUNDS:

The composition of interfund balances as of June 30, 2017 is as follows:

| | Due From <u>Other Funds</u> | Due To <u>Other Funds</u> |
|--------------------|--------------------------------|------------------------------|
| General Fund | \$ 1,216,385 | \$ 6,986 |
| Agency Fund: | | |
| Tax Collector Fund | 5,292 | 1,216,385 |
| Cash Bond Fund | 1,694 | - |
| | <u>\$ 1,223,371</u> | <u>\$ 1,223,371</u> |

The balance due to the General Fund from the Tax Collector Fund results from sales taxes, ad valorem taxes, and other taxes for the months of May and June 2017.

13. LEASES:

The Sheriff has entered into various operating leases for office equipment and office space in which operations are located. The minimum lease payments due under the leases at June 30, 2017, are as follows:

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

13. LEASES: (Continued)

| <u>Fiscal Year</u> | |
|--------------------|-------------------|
| 2018 | \$ 24,821 |
| 2019 | 12,000 |
| 2020 | 12,000 |
| 2021 | 12,000 |
| 2022 | 12,000 |
| Thereafter | 204,000 |
| | <u>\$ 276,821</u> |

Total rent expense incurred during the year ended June 30, 2017, was \$60,650.

14. FEDERAL ASSISTANCE:

The Sheriff participates in certain federal financial assistance programs. The programs have been audited in accordance with the Revised Single Audit Act of 2008 and OMB Circular A-133 in prior years, but such an audit was not necessary in the current year. Audits of prior years have not resulted in any disallowance of costs; however, the grantor agency may provide for further examinations. Based on past experience, the Sheriff believes that further examinations would not result in any material disallowed costs.

The Sheriff incurred various emergency expenses (primarily covering interim office rent, vehicle usage, and emergency supplies) related to Hurricane Katrina. In addition, all buildings and facilities owned by the Sheriff received significant storm damage. Most of these costs are eligible for reimbursement through the Federal Emergency Management Agency's (FEMA) Public Disaster Assistance Program. For the year ended June 30, 2017, claims totaling \$639,472 were filed with FEMA. At June 30, 2017, \$538,816 has been recorded as a receivable for current and prior year projects. These amounts relate to project worksheets where the work has been completed and the total loss can be estimated. Many projects are still ongoing as of the date of this report. The total amount of claims may ultimately be more or less than the amount noted due to various uncertainties (i.e. scope of loss, construction costs, etc.).

15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

The Sheriff has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires the accrual of postemployment benefits for retired employees.

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Plan Description

The St. Bernard Parish Sheriff's Office's medical and life insurance benefits are provided to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree only (not dependents). The employer also pays for life insurance coverage after retirement. Employees are covered by a retirement system whose retirement eligibility provisions are as follows: age 55 and 15 years of service. Employees are covered by a retirement system whose retirement eligibility provisions are described in Footnote 7.

Life insurance coverage is continued to retirees and the employer pays for the first \$10,000 of coverage. The retiree may elect to "pay" for the excess over \$10,000 while the employer pays for the first \$10,000 of life insurance after retirement, but both are based on the blended rate. Since GASB Codification Section P50 requires the use of "unblended" rates, the 94GAR mortality table described below (page 49) 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 prior experience with the current retiree group, it has been assumed that one-third of retirees elect to continue the excess insurance over \$10,000. All of the other assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Funding Policy

Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents. The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs. During the year ended June 30, 2017, the Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$313,580.

Annual Required Contribution

The St. Bernard Parish Sheriff's Annual Required Contribution (ARC) is an amount determined actuarially 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 postemployment benefits. The actuarially computed ARC for the year ended June 30, 2017, is as follows:

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Annual Required Contribution (Continued)

| | |
|------------------------------------|--------------------------|
| Normal Cost | \$ 403,808 |
| 30-year UAAL amortization amount | <u>572,549</u> |
| Annual required contribution (ARC) | <u><u>\$ 976,357</u></u> |

Net Postemployment Benefit Obligation

The table below shows the Sheriff's Net Other Postemployment Benefit (OPEB) Obligation for the year ended June 30, 2017:

| | |
|------------------------------------------|----------------------------|
| Beginning Net OPEB Obligation, July 1 | <u>\$ 4,658,393</u> |
| Annual required contribution | 976,357 |
| Interest on Net OPEB Obligation | 186,336 |
| ARC Adjustment | <u>(269,395)</u> |
| Annual OPEB Cost | 893,298 |
| Less: Current year retiree premiums paid | <u>(313,580)</u> |
| Change in Net OPEB Obligation | <u>579,718</u> |
| Ending Net OPEB Obligation, June 30 | <u><u>\$ 5,238,111</u></u> |

The following table shows the Sheriff's annual OPEB cost, percentage of the cost contributed, and the net unfunded OPEB obligation:

| Fiscal Year <u>Ended</u> | Annual <u>OPEB Cost</u> | Percentage of Annual Cost <u>Contributed</u> | Net OPEB <u>Obligation</u> |
|-----------------------------|----------------------------|-------------------------------------------------------|-------------------------------|
| June 30, 2017 | \$ 893,298 | 35.10% | \$ 5,238,111 |
| June 30, 2016 | \$ 866,009 | 33.53% | \$ 4,658,393 |
| June 30, 2015 | \$ 840,087 | 32.00% | \$ 4,082,736 |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Funded Status and Funding Progress

In the year ended June 30, 2017, the Sheriff made no contributions to its OPEB plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year ended June 30, 2017, was \$10,296,826 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 postemployment plan benefits and expenses which is not provided by normal cost. The funded status of the plan was as follows at June 30, 2017:

| | |
|---------------------------------------------|----------------------|
| Actuarial Accrued Liability (AAL) | \$ 10,296,826 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 10,296,826</u> |
| Funded Ratio | 0% |
| Covered Payroll (active plan members) | <u>\$ 12,524,937</u> |
| UAAL as a percentage of covered payroll | <u>82.21%</u> |

The required Schedule of Funding Progress, which follows 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.

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Cost Method

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

Actuarial Value of Plan Assets

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12%. The rates for each age are below:

| <u>Age</u> | <u>Percent Turnover</u> |
|------------|-----------------------------|
| 18 - 25 | 20.0% |
| 26 - 40 | 12.0% |
| 41 - 54 | 10.0% |
| 55+ | 7.0% |

Investment Return Assumption (Discount Rate)

Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used for the year ended June 30, 2017.

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 5.0% for ten years out and later.

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a 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 our 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 medical rates provided are “blended” rates for active and retired. The valuation used estimated the “unblended” rates for retirees before Medicare as 130% of the blended rate and after Medicare eligibility as 80% of the blended rate, as required by GASB 45 for valuation purposes.

Inflation Rate, Projected Salary Increases, and Post-retirement Benefit Increases

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above are an implicit inflation assumption of 2.50% annually. An assumption of projected salary increases is not applicable since neither the benefit structure nor the valuation methodology involve salary. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

16. EX-OFFICIO TAX COLLECTOR:

The amount of cash on hand at June 30, 2017, relating to ad valorem taxes and sales taxes was \$5,162,797. The bank balances of the Tax Collector Fund at June 30, 2017, consisted of:

| | |
|------------------|--------------|
| Ad Valorem Taxes | \$ 885,780 |
| Sales Taxes | 4,083,589 |
| Other | 193,428 |
| Total | \$ 5,162,797 |

The book balances of the Tax Collector Fund at June 30, 2017, consisted of:

| | |
|------------------|--------------|
| Ad Valorem Taxes | \$ 851,793 |
| Sales Taxes | 4,076,567 |
| Other | 193,428 |
| Total | \$ 5,121,788 |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

16. EX-OFFICIO TAX COLLECTOR: (Continued)

The amount of ad valorem taxes collected and distributed during the year ended June 30, 2017, by taxing authority was as follows:

| | <u>Millage</u> | Total Collections | Collection Cost | Final Distribution |
|-----------------------------------------------|----------------|----------------------|--------------------|-----------------------|
| St. Bernard Parish Assessor | 1.86 | \$ 581,469 | \$ 8,621 | \$ 572,848 |
| St. Bernard Fire District Parish Wide | 20.41 | 6,183,821 | 94,601 | 6,089,220 |
| St. Bernard Parish Garbage District | 3.11 | 942,270 | 14,415 | 927,855 |
| St. Bernard Parish Health District | 0.63 | 190,435 | 2,920 | 187,515 |
| St. Bernard Parish Hospital Service District | 8.16 | 2,466,537 | 37,822 | 2,428,715 |
| Lake Borgne Levee District | 11.33 | 3,421,007 | 52,515 | 3,368,492 |
| St. Bernard Parish Library | 3.78 | 1,142,586 | 17,520 | 1,125,066 |
| St. Bernard Parish Lighting District | 1.24 | 372,866 | 5,747 | 367,119 |
| St. Bernard Parish Government | 2.81 | 849,381 | 13,024 | 836,357 |
| St. Bernard Parish Sheriff | 31.31 | 9,569,149 | 145,122 | 9,424,027 |
| St. Bernard Port, Harbor, & Terminal District | 3.73 | 1,127,472 | 17,289 | 1,110,183 |
| St. Bernard Parish Road District | 3.11 | 940,066 | 14,415 | 925,651 |
| St. Bernard Parish Recreation District | 2.21 | 668,019 | 10,243 | 657,776 |
| St. Bernard Parish School District | 46.72 | 12,460,199 | 191,055 | 12,269,144 |
| St. Bernard Parish Senior Citizens Center | 0.96 | 290,182 | 4,450 | 285,732 |
| Louisiana Tax Commission | 0.55 | 27,235 | - | 27,235 |
| St. Bernard Parish Fire District #1 | 7.48 | 1,778,993 | 30,031 | 1,748,962 |
| St. Bernard Parish Fire District #2 | 8.31 | 532,179 | 5,160 | 527,019 |
| Total | | <u>\$ 43,543,866</u> | <u>\$ 664,950</u> | <u>\$ 42,878,916</u> |

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

| | |
|-----------------------------------------------|------------------|
| St. Bernard Parish Assessor | \$ 1,287 |
| St. Bernard Fire District Parish Wide | 14,124 |
| St. Bernard Parish Garbage District | 2,152 |
| St. Bernard Parish Health District | 436 |
| St. Bernard Parish Hospital Service District | 5,647 |
| Lake Borgne Levee District | 7,841 |
| St. Bernard Parish Library | 2,616 |
| St. Bernard Parish Lighting District | 858 |
| St. Bernard Parish Government | 1,945 |
| St. Bernard Parish Sheriff | 21,667 |
| St. Bernard Port, Harbor, & Terminal District | 2,581 |
| St. Bernard Parish Road District | 2,152 |
| St. Bernard Parish Recreation District | 1,529 |
| St. Bernard Parish School District | 28,525 |
| St. Bernard Parish Senior Citizens Center | 664 |
| St. Bernard Parish Fire District #1 | 482 |
| St. Bernard Parish Fire District #2 | 5,215 |
| Total | <u>\$ 99,721</u> |

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

16. EX-OFFICIO TAX COLLECTOR: (Continued)

The amount of revenue sharing and sales taxes collected and distributed during the year ended June 30, 2017, by taxing authority are as follows:

| | Total <u>Collections</u> | Collection <u>Cost</u> | Final <u>Distribution</u> |
|-----------------------------------------------|-----------------------------|---------------------------|------------------------------|
| St. Bernard Parish Assessor | \$ 7,043 | \$ - | \$ 7,043 |
| St. Bernard Parish Garbage District | 15,424 | - | 15,424 |
| St. Bernard Parish Hospital Service District | 3,125 | - | 3,125 |
| St. Bernard Parish Library | 18,747 | - | 18,747 |
| St. Bernard Parish Lighting District | 6,150 | - | 6,150 |
| St. Bernard Parish Government | 15,571,333 | 1,246,957 | 14,324,376 |
| St. Bernard Parish Road District | 15,424 | - | 15,424 |
| St. Bernard Parish Recreation District | 10,960 | - | 10,960 |
| St. Bernard Parish School District | 15,664,235 | 976,885 | 14,687,350 |
| St. Bernard Parish Fire District | 14,477 | - | 14,477 |
| St. Bernard Parish Sheriff | 4,226,305 | 41,668 | 4,184,637 |
| Lake Borgne Levee District | 163,000 | - | 163,000 |
| St. Bernard Port, Harbor, & Terminal District | 125,000 | - | 125,000 |
| St. Bernard Parish Sewer and Water District | 3,930,374 | 311,739 | 3,618,635 |
| Total | <u>\$ 39,771,597</u> | <u>\$ 2,577,249</u> | <u>\$ 37,194,348</u> |

17. PROPRIETARY FUNDS DEFICIT BALANCE:

The proprietary funds have a deficit balance of \$6,704 as of June 30, 2017. The Sheriff's office intends to cover this deficit balance with future operating revenues.

18. CHANGES IN LONG-TERM LIABILITIES:

The following is a summary of the changes in the Sheriff's long-term liabilities for the year ended June 30, 2017:

| | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 | Amounts Due Within One Year |
|-----------------------------|-------------------------|---------------------|---------------------|--------------------------|-----------------------------------|
| OPEB payable | \$ 4,658,393 | \$ 893,298 | \$ 313,580 | \$ 5,238,111 | \$ - |
| Legal settlement | 400,000 | - | 50,000 | 350,000 | 50,000 |
| Net pension liability | 7,683,605 | 7,315,297 | 4,060,625 | 10,938,277 | - |
| Total long-term liabilities | <u>\$ 12,741,998</u> | <u>\$ 8,208,595</u> | <u>\$ 4,424,205</u> | <u>\$ 16,526,388</u> | <u>\$ 50,000</u> |

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

19. SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 29, 2017, which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE -
 GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Budget</u> | | <u>Actual</u> | Variance with |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|----------------------------------------|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 9,700,000 | \$ 9,700,000 | \$ 9,660,611 | \$ (39,389) |
| Sales taxes | 3,500,000 | 3,550,000 | 4,082,812 | 532,812 |
| Intergovernmental revenues: | | | | |
| Federal and state grants | 500,000 | 600,000 | 708,524 | 108,524 |
| State supplemental pay | 1,150,000 | 1,200,000 | 1,121,753 | (78,247) |
| State revenue sharing | 320,000 | 330,000 | 336,956 | 6,956 |
| Video poker | 400,000 | 400,000 | 504,908 | 104,908 |
| Fees, charges, and commissions for services: | | | | |
| Commissions: | | | | |
| Sales taxes, licenses, etc. | 2,200,000 | 2,600,000 | 2,869,128 | 269,128 |
| Prisoner care and maintenance | 1,500,000 | 2,050,000 | 2,151,580 | 101,580 |
| Civil and criminal fees and court costs | 600,000 | 650,000 | 865,054 | 215,054 |
| Detail income | 550,000 | 600,000 | 641,602 | 41,602 |
| Interest | 5,000 | 15,000 | 22,867 | 7,867 |
| Other | 600,000 | 700,000 | 960,243 | 260,243 |
| Total revenue | <u>21,025,000</u> | <u>22,395,000</u> | <u>23,926,038</u> | <u>1,531,038</u> |
| Expenditures: | | | | |
| Current | | | | |
| Public safety: | | | | |
| Personnel services and related benefits | 17,000,000 | 17,750,000 | 18,016,507 | (266,507) |
| Operating services | 2,500,000 | 2,700,000 | 3,526,899 | (826,899) |
| Materials and supplies | 1,100,000 | 900,000 | 962,880 | (62,880) |
| Travel and other charges | 25,000 | 25,000 | 21,978 | 3,022 |
| Capital outlay | 300,000 | 650,000 | 807,570 | (157,570) |
| Miscellaneous | 50,000 | 220,000 | 28,356 | 191,644 |
| Legal settlements | 50,000 | 150,000 | 85,000 | 65,000 |
| Total expenditures | <u>21,025,000</u> | <u>22,395,000</u> | <u>23,449,190</u> | <u>(1,054,190)</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>476,848</u> | <u>476,848</u> |
| Other financing sources: | | | | |
| Proceeds from sale of assets | <u>-</u> | <u>9,800</u> | <u>9,800</u> | <u>-</u> |
| Total other financing sources | <u>-</u> | <u>9,800</u> | <u>9,800</u> | <u>-</u> |
| Excess of revenues and other financing sources over expenditures | <u>-</u> | <u>9,800</u> | <u>486,648</u> | <u>476,848</u> |
| Fund balances, beginning | <u>6,771,418</u> | <u>7,807,855</u> | <u>7,807,855</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 6,771,418</u> | <u>\$ 7,817,655</u> | <u>\$ 8,294,503</u> | <u>\$ 476,848</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 FOR ST. BERNARD PARISH SHERIFF'S OTHER POSTEMPLOYMENT BENEFITS PLAN
JUNE 30, 2015 THROUGH 2017

| <u>Year</u> <u>Ended</u> <u>June 30</u> | <u>Actuarial</u> <u>Value Of</u> <u>of Assets</u> | <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>Projected</u> <u>Unit Cost</u> | <u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> | <u>Funded</u> <u>Ratio</u> | <u>Covered</u> <u>Payroll</u> | <u>UAAL</u> <u>As a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> |
|-----------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------|----------------------------------|----------------------------------------------------------------------------------------|
| 2017 | \$ - | \$ 10,296,826 | \$ 10,296,826 | - % | \$ 12,524,937 | 82.2 % |
| 2016 | \$ - | \$ 9,900,794 | \$ 9,900,794 | - % | \$ 12,080,818 | 82.0 % |
| 2015 | \$ - | \$ 9,519,995 | \$ 9,519,995 | - % | \$ 11,755,158 | 81.0 % |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE SHERIFF'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE SHERIFF'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SHERIFF'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF THE SHERIFF'S PENSION CONTRIBUTIONS
JUNE 30, 2017

LOUISIANA SHERIFFS' PENSION AND RELIEF FUND:

1. CHANGES OF BENEFIT TERMS:

- Act 323 of the 2016 Regular Session of the Louisiana Legislature added R.S. 11:2178(D)(4) related to disability benefits, retirement benefits, and death benefits of the Sheriffs' Pension and Relief Fund. Effective June 30, 2016, the Act provided the following:
 - That when a member dies in the line of duty because of an intentional violent act the surviving spouse or minor children or both shall be eligible to receive death benefit in accordance with new law.
 - That the surviving spouse shall be eligible to receive the greater of 50% of the member's final average compensation (FAC) or a reduced benefit as if the member had retired on the date of death.
 - That if the member leaves a child or children in addition to the surviving spouse, the child or children shall be eligible to receive a benefit equaling the difference between the benefit received by the spouse and 100% of the member's FAC. The difference shall be divided equally among the children. New law further provides that in no case shall the benefit total be more than 100% of the member's FAC.
 - That when a child reaches the age of 18, the benefit shall cease unless the child is enrolled as a full-time student in good standing at a board-approved or accredited school, college, or university and is under the age of 23.
 - That in the event of the death of the surviving spouse while any eligible surviving child or children are still eligible to receive a benefit, the surviving spouse's portion of the death benefit shall be divided equally amongst all eligible children.
 - That if there is no surviving spouse, any child or children shall be eligible to receive 100% of the member's FAC divided equally among the surviving children.
 - That if there is no surviving spouse, the benefit payable to the minor child or children shall be paid to a trust satisfactory to the Fund and established by law.

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SHERIFF'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF THE SHERIFF'S PENSION CONTRIBUTIONS
JUNE 30, 2017

LOUISIANA SHERIFFS' PENSION AND RELIEF FUND: (Continued)

1. CHANGES OF BENEFIT TERMS: (Continued)

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

2. CHANGES OF ASSUMPTIONS:

- The investment rate of return was lowered from 7.6%, net of investment expense to 7.4%, net of investment expense for the year ended June 30, 2017.
- The valuation interest rate was lowered from 7.5% to 7.4% for the year ended June 30, 2017.
- The investment rate of return was lowered from 7.7%, net of investment expense to 7.6%, net of investment expense for the year ended June 30, 2016.
- The valuation interest rate was lowered from 7.6% to 7.5% for the year ended June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
SUPPLEMENTARY INFORMATION
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

INTERNAL SERVICE FUNDS DESCRIPTIONS:

Auto Claims Fund

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

Medical Claims Fund

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 SUPPLEMENTARY INFORMATION
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

| | <u>Medical Claims</u> | <u>Auto Claims</u> | <u>Total</u> |
|-------------------------------------|---------------------------|------------------------|-------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash | \$ <u>126,704</u> | \$ <u>31,043</u> | \$ <u>157,747</u> |
| Total assets | <u>126,704</u> | <u>31,043</u> | <u>157,747</u> |
| | | | |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts and other accrued payables | <u>158,719</u> | <u>5,732</u> | <u>164,451</u> |
| Total liabilities | <u>158,719</u> | <u>5,732</u> | <u>164,451</u> |
| | | | |
| NET POSITION (DEFICIT): | | | |
| Unrestricted | <u>(32,015)</u> | <u>25,311</u> | <u>(6,704)</u> |
| Total net position (deficit) | <u>\$ (32,015)</u> | <u>\$ 25,311</u> | <u>\$ (6,704)</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 SUPPLEMENTARY INFORMATION
 PROPRIETY FUNDS - INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Medical Claims</u> | <u>Auto Claims</u> | <u>Combined Total</u> |
|-------------------------------------------|---------------------------|------------------------|---------------------------|
| Operating revenues: | | | |
| Charges for services | \$ <u>2,934,680</u> | \$ <u>145,000</u> | \$ <u>3,079,680</u> |
| Total operating revenues | <u>2,934,680</u> | <u>145,000</u> | <u>3,079,680</u> |
| Operating expenses: | | | |
| Public safety: | | | |
| Personnel services and related benefits | 2,688,762 | 100,941 | 2,789,703 |
| Professional services and administrative | <u>130,585</u> | <u>19,800</u> | <u>150,385</u> |
| Total operating expenses | <u>2,819,347</u> | <u>120,741</u> | <u>2,940,088</u> |
| Operating income | 115,333 | 24,259 | 139,592 |
| Nonoperating income: | | | |
| Interest income | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | 115,333 | 24,259 | 139,592 |
| Net position (deficit), beginning of year | <u>(147,348)</u> | <u>1,052</u> | <u>(146,296)</u> |
| Net position (deficit), end of year | <u>\$ (32,015)</u> | <u>\$ 25,311</u> | <u>\$ (6,704)</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 SUPPLEMENTARY INFORMATION
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Medical Claims</u> | <u>Auto Claims</u> | <u>Combined Totals</u> |
|-------------------------------------------------------------------------------------|---------------------------|------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from user departments and participants | \$ 2,934,680 | \$ 145,000 | \$ 3,079,680 |
| Cash paid for claims | <u>(2,837,762)</u> | <u>(115,009)</u> | <u>(2,952,771)</u> |
| Net cash provided by operating activities | <u>96,918</u> | <u>29,991</u> | <u>126,909</u> |
| | | | |
| Net increase in cash and cash equivalents | 96,918 | 29,991 | 126,909 |
| Cash and cash equivalents at beginning of the year | <u>29,786</u> | <u>1,052</u> | <u>30,838</u> |
| Cash and cash equivalents at end of the year | <u>\$ 126,704</u> | <u>\$ 31,043</u> | <u>\$ 157,747</u> |
| | | | |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 115,333 | \$ 24,259 | \$ 139,592 |
| Increase / (decrease) in accounts payable | <u>(18,415)</u> | <u>5,732</u> | <u>(12,683)</u> |
| Net cash provided by operating activities | <u>\$ 96,918</u> | <u>\$ 29,991</u> | <u>\$ 126,909</u> |

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
SUPPLEMENTRY INFORMATION
FIDUCIARY FUND TYPE – AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

AGENCY FUNDS DESCRIPTIONS:

Tax Collector Fund

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

Civil Fund

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

Cash Bond Fund

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

Inmate Deposit Fund

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

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 SUPPLEMENTARY INFORMATION
 FIDUCIARY FUND TYPE - AGENCY FUNDS
 COMBINING STATEMENT OF NET POSITION
FOR THE YEAR ENDING JUNE 30, 2017

| | <u>Tax Collector Fund</u> | <u>Civil Fund</u> | <u>Cash Bond Fund</u> | <u>Inmate Deposit Fund</u> | <u>Total</u> |
|------------------------------------------------|-----------------------------------|-----------------------|-------------------------------|------------------------------------|------------------|
| ASSETS: | | | | | |
| Cash and cash equivalents | \$ 5,121,788 | \$ 218,350 | \$ 214,801 | \$ 48,277 | \$ 5,603,216 |
| Due from other funds | <u>1,694</u> | <u>-</u> | <u>5,292</u> | <u>-</u> | <u>6,986</u> |
| Total assets | <u>5,123,482</u> | <u>218,350</u> | <u>220,093</u> | <u>48,277</u> | <u>5,610,202</u> |
| LIABILITIES: | | | | | |
| Due to other funds | 1,216,385 | - | - | - | 1,216,385 |
| Due to taxing bodies, prisoners, and others | <u>3,907,097</u> | <u>218,350</u> | <u>220,093</u> | <u>48,277</u> | <u>4,393,817</u> |
| Total liabilities | <u>5,123,482</u> | <u>218,350</u> | <u>220,093</u> | <u>48,277</u> | <u>5,610,202</u> |
| NET POSITION | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 SUPPLEMENTARY INFORMATION
 FIDUCIARY FUND TYPE - AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN DEPOSIT BALANCES
 DUE TO TAXING BODIES AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2017

| | Tax Collector <u>Fund</u> | Civil <u>Fund</u> | Cash Bond <u>Fund</u> | Inmate Deposit <u>Fund</u> | <u>Total</u> |
|---------------------------------------------------------------------|---------------------------------|----------------------|-----------------------------|----------------------------------|---------------------|
| Additions: | | | | | |
| Deposits: | | | | | |
| Judicial sales and costs | \$ - | \$ 1,330,672 | \$ - | \$ - | \$ 1,330,672 |
| Bonds | - | - | 185,908 | - | 185,908 |
| Inmate deposits | - | - | - | 281,803 | 281,803 |
| Taxes, fees, etc., paid to tax collector | 88,461,889 | - | - | - | 88,461,889 |
| Interest | 7,243 | - | - | - | 7,243 |
| | <u>88,469,132</u> | <u>1,330,672</u> | <u>185,908</u> | <u>281,803</u> | <u>90,267,515</u> |
| Total additions | | | | | |
| Reductions: | | | | | |
| Taxes, fees, deposits distributed to taxing bodies and others | 87,236,293 | 1,349,649 | 135,225 | - | 88,721,167 |
| Deposits settled to inmates | - | - | - | 285,977 | 285,977 |
| Other reductions: | | | | | |
| Restitution and refunds | 377,583 | - | - | - | 377,583 |
| | <u>87,613,876</u> | <u>1,349,649</u> | <u>135,225</u> | <u>285,977</u> | <u>89,384,727</u> |
| Total reductions | | | | | |
| Net change | 855,256 | (18,977) | 50,683 | (4,174) | 882,788 |
| Deposit balances due to taxing bodies and others: | | | | | |
| Balances, beginning of year | 4,268,226 | 237,327 | 169,410 | 52,451 | 4,727,414 |
| | <u>4,268,226</u> | <u>237,327</u> | <u>169,410</u> | <u>52,451</u> | <u>4,727,414</u> |
| BALANCES, | | | | | |
| END OF YEAR | \$ <u>5,123,482</u> | \$ <u>218,350</u> | \$ <u>220,093</u> | \$ <u>48,277</u> | \$ <u>5,610,202</u> |

ST. BERNARD PARISH SHERIFF
 CHALMETTE, LOUISIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2017

Agency head name: Sheriff James J. Pohlmann

| <u>Purpose</u> | <u>Amount</u> |
|----------------------------------------|-------------------|
| Salary | \$ 159,540 |
| Benefits - insurance | 2,414 |
| Benefits - retirement | 21,139 |
| Car allowance | - |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | - |
| Travel | - |
| Registration fees | 140 |
| Conference travel | 824 |
| Continuing professional education fees | - |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |
| | <u>\$ 184,057</u> |

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2017



St Bernard Parish Sheriff's Office

James Pohlmann, Sheriff

STATE OF LOUISIANA, PARISH OF ST. BERNARD

AFFIDAVIT

JAMES J. POHMANN, SHERIFF OF ST. BERNARD

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

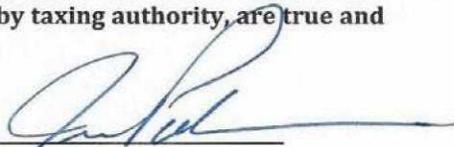
The following information is true and correct:

\$5,162,797 is the amount of cash on hand in the tax collector accounts on June 30, 2017;

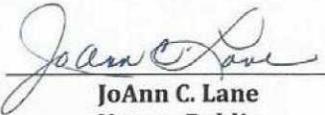
He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2016, by taxing authority, are true and correct.

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


James J. Pohlmann
Sheriff of St. Bernard Parish

SWORN to and subscribed before me, Notary, this 15th day of December 2017, in my office in the City of Chalmette, Louisiana.


JoAnn C. Lane
Notary Public
Notary ID or Bar Roll No: 40365

2020 (Commission)

2 Courthouse Sq. Chalmette, LA 70043

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

December 29, 2017

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 29, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

ST. BERNARD PARISH SHERIFF'S RESPONSE TO FINDINGS

The St. Bernard Parish Sheriff's responses to the findings identified in our audit are described in the accompanying summary schedule of current year findings. The St. Bernard Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on the responses.

PURPOSE OF THIS REPORT

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

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

FINDINGS REQUIRED TO BE REPORTED UNDER THE UNIFORM GUIDANCE:

2016-01 QUARTERLY PROGRESS REPORTS

Condition:

During testing performed on the FEMA Public Assistance Grant (CFDA # 97.036), an instance was noted in which the Sheriff did not meet the Specials Tests and Provisions Compliance Requirement of the Program. One instance was noted in which the Quarterly Reports were not submitted within the 15-day period subsequent to the end of a quarter. The Quarterly Reports for the second quarter of the current fiscal year were submitted on February 17, 2016, when they were to be submitted by January 15, 2016.

Criteria:

In accordance with 44 Code of Federal Regulation, 206.204(f), and the State Administrative Plan, Section X, Paragraph 8, progress reports are to be provided by the Grantee to FEMA. Per the Louisiana Public Assistance website, Quarterly Reports for projects related to the FEMA Public Assistance Grant (CFDA # 97.036) are to be submitted within 15 days of the end of a quarter.

Status:

The Quarterly Progress Reports were being submitted within the required time period in the current year. Appears that the finding was resolved in the current year.

INSTANCE OF NONCOMPLIANCE:

2016-02 AMENDED BUDGET

Condition:

It was noted that the Sheriff did not submit a revised amended budget to reflect a change in operations when actual expenditures exceeded budgeted expenditures by more than five percent. Final general fund expenditures exceeded budgeted expenditures by 9.4%.

Criteria:

In accordance with the Louisiana Local Government Budget Act, the adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation as provided in R.S. 39:1307 shall advise the governing authority or independently elected official in writing when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

ST. BERNARD PARISH SHERIFF
CHALMETTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

INSTANCE OF NONCOMPLIANCE: (Continued)

2016-02 AMENDED BUDGET (Continued)

Status:

Based upon testing performed as a part of the current year audit, it appears that the Budget finding has been resolved in the current year.

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL:

2016-03 CREDIT CARDS

Condition:

During the audit, it was noted that the Sheriff does not have well-defined, written credit card policies and procedures. During the audit, it was also noted that the Sheriff did not maintain adequate documentation of a number of credit card transactions and failed to attach purchase receipts to the applicable credit card statements.

Criteria:

The Sheriff did not follow controls in place for proper oversight of credit card usage. Louisiana Revised Statute 39:704 states that the records of the entity shall clearly reflect the objects and purposes for which the proceeds of the tax are used. Purchases made by credit card are required by Louisiana State law to have receipts attached

Status:

Based upon testing performed as a part of the current year audit and with LLA's Statewide Agreed-Upon Procedures, it appears that the finding has been resolved in the current year, as the Sheriff has developed written policies and procedures over credit cards.

ST. BERNARD PARISH SHERIFF

CHALMETTE, LOUISIANA

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2017

ST. BERNARD PARISH SHERIFF

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Duplantier
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INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED UPON PROCEDURES

December 29, 2017

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Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

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St. Bernard Parish Sheriff and
Louisiana Legislative Auditor

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We have applied the procedures enumerated below which were agreed to by the St. Bernard Parish Sheriff (the Sheriff) and the Louisiana Legislative Auditor, on the control and compliance areas identified in the Louisiana Legislative Auditor’s Statewide Agreed Upon Procedures for the fiscal year ended June 30, 2017. The Sheriff’s management is responsible for the control and compliance areas identified in the Statewide Agreed Upon Procedures.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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Written Policies and Procedures (Continued)

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of 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.
- c) Disbursements, including processing, reviewing, and approving
- d) Receipts, including receiving, recording, and preparing deposits
- e) Payroll/Personnel, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Sheriff's ethics policy.
- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

- The Sheriff has written policies and procedures over purchasing; however, the written policies and procedures did not address the following: (1) adding vendors to the vendor list or (2) the preparation and approval process of purchase requisitions and purchase orders.
- The Sheriff has policies and procedures over payroll; however, the policies and procedures are not in written form.
- The Sheriff has written policies and procedures over contracting; however, the written policies and procedures did not address the following: (1) legal review or (2) monitoring process.
- The Sheriff has written policies and procedures over travel & expense reimbursement; however, the written policies and procedures did not address the following: (1) dollar thresholds by category of expense.

Written Policies and Procedures (Continued)

Management's Response:

The Sheriff's Management has determined that based upon the results of the procedures performed over purchasing noted above, the written policies and procedures over purchasing should address the addition of vendors to the accounting system and the preparation and approval of requisitions and purchase orders and the policy manual will be updated to document such information. The Sheriff will generate written policies and procedures over payroll using best practices, and such information will be included in the Sheriff's policy manual. The Sheriff will update its written contracts policy to include additional procedures for the legal review and monitoring of contracts. The Sheriff's travel and reimbursement policy will be updated to include additional language concerning the dollar thresholds by category of expense.

Board

Step not applicable.

Bank Reconciliations

- 2) We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

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

- 3) Using the listing provided by management, we selected one-third of the Sheriff's bank accounts on a rotating basis. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation
 - c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

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

- Bank reconciliations were not prepared for one bank accounts tested. This account had very little activity
- Bank reconciliations do not include written evidence that they have been reviewed by a member of management or board.
- There is no evidence that management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months (one account).

Bank Reconciliations (Continued)

Management's Response:

Bank reconciliations will be performed on all bank accounts based on management's professional judgement and will be reviewed by someone other than the person preparing the bank reconciliations. Reconciling items outstanding for greater than 6 months shall be reviewed and documented.

Collections

- 4) We obtained a listing of cash, check, and money order collection locations and management's representation that the listing was complete.

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

- 5) Using the cash collection listing provided by management, we selected all of the Sheriff's cash collection locations. For each cash location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (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.
 - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the Sheriff has a formal process to reconcile cash collections to the general ledger or subsidiary ledgers, by revenue source or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.
 - c) We selected the highest dollar week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. Using the Sheriff's collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - ii. Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections were completely supported by documentation and reported any exceptions.

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

- The Sheriff has policies and procedures in place, but does not maintain written documentation about whether employees collecting cash are: (1) not responsible for

Collections (Continued)

- depositing cash in the bank, recording related transactions, reconciling the related bank account, and (2) not required to share the same cash register/drawer with another employee.
- Each person responsible for collecting cash is not bonded.
- The Sheriff has a process to reconcile cash collections to the general ledger or subsidiary ledgers, by revenue source or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected, but the process is not documented in written form.
- We noted the following instances in which deposits were not deposited within one day of collection:
 - Four instances in which deposits at the Sheriff's office were made three days after collection.
 - One instance in which a deposit at the Sheriff's office was made five days after collection.
 - Two instances in which deposits at the Sheriff's office were made nine days after collection.
 - One instance in which a deposit at the Sheriff's office was made 12 days after collection.
 - One instance in which a deposit at the Sheriff's office and a deposit at the jail were made 16 days after collection.
- We noted three deposits on the following dates on which deposits were not supported by documentation: March 27, 2017 in the amounts of \$105 and \$442 and March 30, 2017 in the amount of \$616.

Management's Response:

Management will begin to develop written documentation as to our employees collecting cash and reconciling collections to general ledger or subsidiary ledger and include in our policy manual. The Sheriff's office employees collecting cash are bonded but two new personnel were being trained and bonds were not on these employees when testing was performed. Management shall continue to bond all employees collecting cash. Management shall implement procedures to insure deposits are made on a timely basis and include supporting documentation.

- 6) We obtained existing written documentation (e.g. policy manual, written procedure) and determined whether the Sheriff has a process specifically defined (identified as such by the Sheriff) 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 was not responsible for collections.

Collections (Continued)

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

- The Sheriff has a process to determine the completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who was not responsible for collections; however, the process is not documented in written form.

Management's Response:

Management will begin to develop a written process that identifies revenue sources and its completeness and include in our policy manual.

Disbursements – General (excluding credit card purchases or payments)

- 7) We obtained a listing of the Sheriff's disbursements from management or, alternately, obtained the general ledger and sorted and filtered for the Sheriff's disbursements. We also obtained management's representation that the listing or general ledger population was complete.

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

- 8) Using the disbursement population from agreed-upon procedure number 7 above, we randomly selected 25 disbursements excluding credit card, debit card, fuel card and P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/ logs) for each transaction and determined 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.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

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

- 9) Using the Sheriff's documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments was prohibited from adding vendors to the Sheriff's purchasing or disbursement system.

Upon applying the agreed upon procedures above, we noted that the two individuals responsible for processing payments are not prohibited from adding vendors to Sheriff's purchasing or disbursement system

Disbursements – General (excluding credit card purchases or payments) (Continued)

Management's Response:

The comment noted above is due to the Sheriff's limited accounting staff. The Sheriff's accounting staff is knowledgeable about the accounting software used. Management will develop internal procedures to insure that new vendors are pre-approved by someone other than the individual processing payments.

- 10) Using the Sheriff's documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Upon applying the agreed upon procedures above, we noted that the individual who makes final authorization for disbursements has responsibility for recording purchases

Management's Response:

Management will implement procedures to review check registers and the general ledger recordings of transactions.

- 11) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed the Sheriff's documentation (electronic system control documentation) and determined whether the persons with signatory authority have system access to print checks.

Upon applying the agreed upon procedures above, we noted that the Sheriff does not have a supply of unused checks. Checks are electronically printed on blank check stock, and the person with authority to print the checks does have access to them.

Management's Response:

Management has determined that the person with the authority to access blank check stock is a bonded, licensed professional and, combined with other mitigating disbursement procedures, are confident that adequate safeguards are in place.

- 12) When signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

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

Credit Cards

- 13) We obtained 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. We also obtained management's representation that the listing was complete.

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

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

Management's Response:

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

- 14) Using the listing prepared by management, we randomly selected one-third of the credit cards (the Sheriff has less than 10 cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected 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) Determined whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Determined whether finance charges and/or late fees were assessed on the selected statements.

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

- The monthly statements, or combined statements, were reviewed; however, there was no written documentation on the statements to indicate that the monthly statements had been reviewed and approved

Credit Cards (Continued)

Management's Response:

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

- 15) Using the monthly statements or combined statements selected under agreed-upon procedure number 14 above, we obtained supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).
- a) For each transaction, we determined that the transaction was supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased).
 - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Sheriff's written purchasing and disbursement policies and the Louisiana Public Bid Law (i.e. transaction was a large or recurring purchase requiring the solicitation of bids or quotes) and noted any exceptions.
 - c) For each transaction, we compared the Sheriff'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). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

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

- Original itemized receipts were not attached to the monthly statements for the fuel cards. The Sheriff does receive a weekly report listing the vehicle, driver, location, and amount of fuel transactions.

Management's Response:

Due to the nature of the Sheriff Office's function, it has been determined by Management that collecting individual itemized receipts on all fuel purchases of the Sheriff's fleet of police vehicles is not an efficient use of time and resources due to the fact the Sheriff receives weekly fuel reports on our account. These fuel reports are reviewed weekly by Management and the vendor has safeguards built into their system to detect any irregularities.

Travel and Expense Reimbursement

- 16) We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sorted/filtered for travel reimbursements. We also obtained management's representation that the listing and general ledger was complete.

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

- 17) We obtained the Sheriff's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and determined any amounts that exceed GSA rates.

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

- 18) Using the listing from agreed-upon procedure number 17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Sheriff did not have written policies, we compared to the GSA rates (#17 above) and determined each reimbursement that exceeded those rates.
- b) We determined whether each expense was supported by:
 - i. An original itemized receipt that identified precisely what was purchased. (Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) did not require a receipt.)
 - ii. Documentation of the business/ public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) We compared the Sheriff'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 reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
- d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Travel and Expense Reimbursement (Continued)

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

- There was one instance in which the business or public purpose was not documented on a receipt submitted for reimbursement.
- Expenses submitted for reimbursement were reviewed and approved; however, there was no written documentation to indicate the review and approval by someone other than the person receiving reimbursement.

Management's Response:

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

Contracts

- 19) We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We also obtained management's representation that the listing or general ledger was complete.

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

- 20) Using the listing above, we selected 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). We obtained the related contracts and paid invoices and:
- a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
 - b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We determined whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:
 - i. If yes, we obtained/ compared supporting contract documentation to legal requirements and determined whether the Sheriff complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - ii. If no, we obtained supporting contract documentation and determined whether the Sheriff solicited quotes as a best practice.
 - c) Determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.

Contracts (Continued)

- e) We obtained and reviewed contract documentation and board minutes and determined whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

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

- There was no written documentation to support an amended contract or an extended contract for a contract that expired in 2013.
- All five contracts related to professional services; as such, the contracts were not subject to Louisiana Public Bid Law

Management's Response:

Management determined that an amended contract was not necessary as the services were continued on a month to month basis.

Payroll and Personnel

- 21) We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five employees/ officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and determined whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and determined whether those changes were approved in writing and in accordance with written policy.

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

- 22) We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected one-third of employees or officials and:
- a) Determined whether all selected employees/ officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Determined whether there was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees or officials.
 - c) Determined whether there was written documentation that the Sheriff maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees or officials that earn leave.

Payroll and Personnel (Continued)

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

- A majority of employees document their daily attendance and leave; however, there are certain positions that do not require such documentation.
- The Sheriff's Office does not maintain written leave records relating to compensation pay ("Comp pay"). Comp pay is individually calculated and balances maintained by each supervisor.

Management's Response:

Management believes the procedures in place for the required employees to report their daily attendance and leave are properly documented but will need to insure that all employees are included and documented properly. Management will develop and maintain a policy concerning compensation pay ("Comp pay") and determine if employee hours can be maintained within our payroll software.

- 23) We obtained from management a list of those employees and officials that terminated during the fiscal period and management's representation that the list was complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We determined whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

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

- 24) We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We determined 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 findings were noted as a result of applying the procedure above.

Ethics

- 26) Using the five randomly selected employees or officials from agreed-upon procedure number 21 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and determined whether the Sheriff maintained documentation to demonstrate that required ethics training was completed.

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

- 27) We inquired of management whether any alleged ethics violations were reported to the Sheriff during the fiscal period. If applicable, we reviewed documentation that demonstrated whether management investigated alleged ethics violations, the corrective

Ethics (Continued)

actions taken, and whether management's actions complied with the Sheriff's ethics policy. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

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

Debt Service (excluding nonprofits)

Debt service is not applicable to the Sheriff.

Other

- 28) We inquired of management whether the Sheriff had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and determined whether the Sheriff reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the Sheriff is domiciled.

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

- 29) We observed and determined whether the Sheriff has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public fun

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

- 30) If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, the practitioner reported the nature of each exception.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the control and compliance areas identified in the Statewide Agreed Upon Procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Sheriff and the Louisiana Legislative Auditor, is not intended to be, and should not be used by anyone other than those specified parties.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana