
SABINE PARISH SHERIFF

FINANCIAL REPORT

JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT AUDITORS' REPORT

Honorable Ronald G. Richardson
Sabine Parish Sheriff
Many, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability – Sheriff's Pension and Relief Fund, the Schedule of Employer Contributions to the Sheriffs' Pension and Relief Fund, and the Notes to the Required Supplementary Information on pages 3 through 8, 40, 41, 42, 43, and 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The Sheriff's Sworn Statement and the Schedule of Compensation, Benefits, and Other Payments to the Sabine Parish Sheriff are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Sheriff's Sworn Statement and Schedule of Compensation, Benefits and Other Payments to the Sabine Parish Sheriff are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2019 on our consideration of Sabine Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sabine Parish Sheriff's 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 Sheriff's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 17, 2019

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

This section of Sabine Parish Sheriff's (the Sheriff) annual financial report presents a discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position increased approximately \$880,279, or 29%, over the course of this year's operations.
- Expenses for the year were \$7.4 million, an increase of approximately \$250,000, or 3.5%.
- Revenues for the year were \$8.3 million, an increase of approximately \$1,057,000 or 14.6%.
- After transfers out to cover operating costs of the Detention Center, the General Fund's increase in fund balance was approximately \$912,000. The General Fund ended the year with a \$8.2 million fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the financial statements, required supplementary information, and other supplementary information. The financial statements include two kinds of statements that present different views of the Sheriff:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Sheriff's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Sheriff's government, reporting the Sheriff's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - The proprietary fund financial statements indicate the degree to which the full costs of operating the prison were covered through revenues received from the parish and other governmental entities.
 - Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as agent for the benefit of others, to whom the held resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the Sheriff as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The two government-wide statements report the Sheriff's net position and how they have changed. Net position—the difference between the Sheriff's assets plus deferred outflows and liabilities plus deferred inflows—is one way to measure the Sheriff's financial health or position.

- Over time, increases or decreases in the Sheriff's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Sheriff, you need to consider additional nonfinancial factors such as changes in the Sheriff's property tax base and growth of Sabine Parish.

The government-wide financial statements of the Sheriff include:

- Governmental activities—most of the Sheriff's basic services are included here, such as general administration and civil duties. Ad valorem taxes, state and federal grants, and fees, charges, and commissions for services finance most of these activities.
- Business-type activities—the operations of the Detention Center are included here, and the Sheriff charges fees to cover some of the cost of certain services provided. The Sheriff charges the Louisiana Department of Corrections, Sabine Parish Police Jury, and other governments to house prisoners.

Fund Financial Statements

The fund financial statements provide more detailed information about the Sheriff's most significant funds—not the Sheriff as a whole. Funds are accounting devices that the Sheriff uses to keep track of specific sources of funding and spending for particular purposes.

The Sheriff has three types of funds:

- Governmental funds—Most of the Sheriff's basic services are included in the governmental fund, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Sheriff's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The Sheriff has one governmental fund – the General Fund.
- Proprietary funds—When the Sheriff charges other governments for services it provides, these services are generally reported in the propriety funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Sheriff's enterprise fund is the same as the business-type activity reported in the government-wide statements but provide more detail and additional information such as cash flows. The Sheriff has one proprietary fund – the Detention Center Fund.
- Fiduciary funds—Funds which are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies and litigants in suits, in the manner prescribed by law. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. We exclude these activities from the Sheriff's government-wide financial statements because the Sheriff cannot use these assets to finance its operations.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

Net position. The Sheriff's net position is comprised of the following:

**Table A-1
Sheriff's Net Position**

	<u>Governmental Activities</u>		<u>Business – Type Activities</u>	
	2019	2018 (restated)	2019	2018 (restated)
Current and other assets	\$ 9,291,862	\$ 8,218,079	\$ 228,082	\$ 296,204
Capital assets, net	944,295	962,274	936,464	990,582
Total assets	<u>10,236,157</u>	<u>9,180,353</u>	<u>1,164,546</u>	<u>1,286,786</u>
Deferred outflows of resources – pension liability	765,733	638,978	241,811	201,783
Deferred outflows of resources – OPEB liability	522,573	144,875	135,434	47,010
	<u>1,288,306</u>	<u>783,853</u>	<u>377,245</u>	<u>248,793</u>
Accounts payable and accrued liabilities	293,067	264,634	72,106	68,956
Interfund balances	833,757	700,625	(833,757)	(700,625)
Compensated absences	26,129	29,479	-	-
Long-term debt	205,877	313,063	-	-
Net pension liability	1,398,125	1,566,122	441,513	494,564
Total other post-employment benefits liability	5,240,247	4,604,230	1,642,906	1,494,008
Total liabilities	<u>529,959</u>	<u>376,990</u>	<u>167,358</u>	<u>119,049</u>
Deferred inflows of resources – pension liability	529,959	376,990	167,356	119,049
Deferred inflows of resources – OPEB liability	-	-	-	-
	<u>529,959</u>	<u>376,990</u>	<u>167,356</u>	<u>119,049</u>
Net position				
Net investment in capital assets	738,418	649,211	936,464	990,582
Restricted	39,620	64,440	32,509	21,594
Unrestricted	2,219,264	1,395,412	(917,306)	(952,549)
Total net position	<u>\$ 2,997,302</u>	<u>\$ 2,109,063</u>	<u>\$ 51,667</u>	<u>\$ 59,627</u>

Net position of the Sheriff's governmental activities increased 42% to approximately \$3 million, while net position in the business type activities decreased 13% to approximately \$52,000. The increase in governmental activities net position is the result of revenues exceeding expenditures during the fiscal year ended June 30, 2019. The decrease in business type activities net position is the result of expenditures exceeding revenues during the fiscal year ended June 30, 2019.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Changes in net position. The Sheriff's total governmental activities revenues increased by 16.2% due to an increase in sales and ad valorem tax collections. (See Table A-2.) Approximately 29.0% of the Sheriff's revenue comes from ad valorem tax collections in Sabine Parish and approximately 40.9% comes from sales tax revenue. The remainder comes from prison fees and miscellaneous fees, commissions, and other intergovernmental revenues.

The total cost of all programs and services decreased by approximately \$694,000 or 8.6%.

Revenues for the Sheriff's governmental activities increased 16.2% to \$7.4 million while expenses for governmental activities increased 3% to \$5.4 million primarily due to increases in Other Post-Employment Benefits (OPEB) expense as compared to fiscal year 2018 whereby OPEB expense was higher due to changes in actuary assumptions.

**Table A-2
Changes in Sheriff's Net Position**

	Governmental Activities		Business-Type Activities	
	2019	2018 (Restated)	2019	2018 (Restated)
General revenues	\$ 6,468,063	\$ 5,423,749	\$ 47,163	\$ 56,838
Fees, charges and commissions for service	631,229	655,698	863,477	801,493
Operating grants	258,190	254,202	44,714	63,500
Total revenues	7,357,482	6,333,649	955,354	921,831
Expenses	(5,397,220)	(5,241,226)	(2,035,337)	(1,943,061)
Transfers	(1,072,023)	(1,105,846)	1,072,023	1,105,846
Change in net position	\$ 888,239	\$ (13,423)	\$ (7,960)	\$ 84,616

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

As the Sheriff completed the year, its general fund reported a fund balance of \$8,165,038, an increase of \$912,218 from last year. This fund balance provides for operating reserves in periods of decreased revenue.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

CAPITAL ASSETS

At the end of 2019, the Sheriff had invested \$1,880,759 in capital assets, net of accumulated depreciation; \$944,295 in Governmental Activities and \$936,464 in Business-Type Activities. This amount represents a net decrease of \$72,097, including depreciation. The decrease is primarily due to the continued depreciation of capital assets. (See Table A-3.)

**Table A-3
Sheriff's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Land	\$ -	\$ -	\$ 111,165	\$ 111,165
Building & building improvements	281,415	294,347	777,803	830,477
Automobiles	425,949	502,351	-	-
Equipment, furniture & fixtures	236,931	165,576	47,496	48,940
Total capital assets	<u>\$ 944,295</u>	<u>\$ 962,274</u>	<u>\$ 936,464</u>	<u>\$ 990,582</u>

LONG-TERM DEBT

The Sheriff's long-term liabilities consist of its long-term debt (notes payable), net pension liability and total other post-employment benefit liability (OPEB). The net pension liability decreased by approximately \$221,000 primarily due to a decrease in the pension liability of the Sheriff's retirement system as a whole. The total OPEB liability increased by approximately \$785,000 due to the cost of post-employment benefits incurred for the year exceeding the amount currently funded. (See Table A-4.)

**Table A-4
Long-Term Debt at June 30,**

	2019	2018
Long-term debt (notes payable)	\$ 205,877	\$ 313,063
Net pension liability	1,839,638	2,060,686
Other post-employment benefits liability	<u>6,883,153</u>	<u>6,098,238</u>
Total long-term debt	<u>\$ 8,928,668</u>	<u>\$ 8,471,987</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were not adopted during the year ended June 30, 2019 for the Sheriff as actual results were within the state statute requirement thresholds for budget amendment. Actual revenues and other sources were more than budgeted by approximately \$986,000 or 15.8%. The variance was primarily due to higher tax receipts than expected. Actual expenditures and other uses were approximately \$80,000 or 1.3% more than budgeted amount mainly due to increased general expenses and capital outlay, defrayed by reduced transfers out.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sheriff is dependent on ad valorem and sales taxes for approximately 70% of its revenues to fund both the general fund operations as well as the Detention Center operations. The economy is expected to continue to generate growth and these tax revenues are expected to continue to increase. Budgeted expenditures for 2020 are expected to be consistent with 2019.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Sheriff's finances and to demonstrate the Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sabine Parish Sheriff's Office, PO Box 1440, Many, LA 71449.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,277,966	\$ 112,686	\$ 2,390,652
Receivables	410,077	75,065	485,142
Investments	6,523,010	-	6,523,010
Prepaid expenses	41,189	7,822	49,011
Total current assets	9,252,242	195,573	9,447,815
NONCURRENT ASSETS			
Restricted cash	39,620	32,509	72,129
Capital assets, net	944,295	936,464	1,880,759
Total assets	10,236,157	1,164,546	11,400,703
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflow amounts related to net pension liability	765,733	241,811	1,007,544
Deferred outflow amounts related to other post-employment liability	522,573	135,434	658,007
	1,288,306	377,245	1,665,551
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	293,067	72,106	365,173
Interfund balances	833,757	(833,757)	-
Compensated absences	26,129	-	26,129
Current portion of long-term debt	127,956	-	127,956
Current portion of other post-employment benefits liability	91,000	21,000	112,000
Total current liabilities	1,371,909	(740,651)	631,258
NONCURRENT LIABILITIES			
Long-term debt, net of current portion	77,921	-	77,921
Net pension liability	1,398,125	441,513	1,839,638
Other post-employment benefits liability, net of current portion	5,149,247	1,621,906	6,771,153
Total noncurrent liabilities	6,625,293	2,063,419	8,688,712
Total liabilities	7,997,202	1,322,768	9,319,970
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflow amounts related to net pension liability	529,959	167,356	697,315
Deferred inflow amounts related to other post-employment liability	0	0	-
	529,959	167,356	697,315
<u>NET POSITION</u>			
Net investment in capital assets	738,418	936,464	1,674,882
Restricted for inmate trust accounts	39,620	32,509	72,129
Unrestricted	2,219,264	(917,306)	1,301,958
Total net position	\$ 2,997,302	\$ 51,667	\$ 3,048,969

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
Public Safety	\$ 5,397,220	\$ 631,229	\$ 258,190	\$ (4,507,801)	\$ -	\$ (4,507,801)
Business-Type Activities						
Detention Center	2,035,337	863,477	44,714	-	(1,127,146)	(1,127,146)
Total Government	<u>\$ 7,432,557</u>	<u>\$ 1,494,706</u>	<u>\$ 302,904</u>	(4,507,801)	(1,127,146)	(5,634,947)
General revenues:						
Taxes				5,899,253	-	5,899,253
State revenue sharing				66,577	-	66,577
Investment earnings				291,304	158	291,462
Unrestricted grants and contributions				149,713	47,005	196,718
Miscellaneous				61,216	-	61,216
Transfers				(1,072,023)	1,072,023	-
Total general revenues and transfers				<u>5,396,040</u>	<u>1,119,186</u>	<u>6,515,226</u>
Change in net position				888,239	(7,960)	880,279
Net position, beginning of year (restated)				<u>2,109,063</u>	<u>59,627</u>	<u>2,168,690</u>
Net position, end of year				<u>\$ 2,997,302</u>	<u>\$ 51,667</u>	<u>\$ 3,048,969</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2019

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,277,966
Cash restricted	39,620
Receivables	410,077
Investments	6,523,010
Prepaid expenditures	<u>41,189</u>
TOTAL ASSETS	<u><u>\$ 9,291,862</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 84,728
Accrued liabilities	208,339
Due to other funds	<u>833,757</u>
TOTAL LIABILITIES	<u><u>1,126,824</u></u>
<u>FUND BALANCE</u>	
Nonspendable	41,189
Restricted for inmate trust accounts	39,620
Unassigned	<u>8,084,229</u>
TOTAL FUND BALANCE	<u><u>8,165,038</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 9,291,862</u></u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balance - Governmental Fund		\$	8,165,038
Cost of capital assets at June 30, 2019	\$	2,974,185	
Less: accumulated depreciation as of June 30, 2019:		<u>(2,029,890)</u>	944,295
Long-term debt (notes payable)			(205,877)
Compensated absences payable			(26,129)
Other post-employment benefits (OPEB) liability and deferrals recorded in accordance with GASB 75			
Deferred outflow of resources - related to OPEB		522,573	
Other post-employment benefits liability		(5,240,247)	
Deferred inflow of resources - related to OPEB		<u>-</u>	(4,717,674)
Net pension liability and deferrals recorded in accordance with GASB 68			
Deferred outflow of resources - related to net pension liability		765,733	
Net pension liability		(1,398,125)	
Deferred inflow of resources - related to net pension liability		<u>(529,959)</u>	(1,162,351)
Total net position - Governmental Activities			<u>\$ 2,997,302</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 5,899,253
State revenue sharing	66,577
Intergovernmental revenues	258,190
Fees, charges and commissions for services	631,229
Interest and investment earnings	291,304
Other	79,933
Total Revenues	<u>7,226,486</u>
<u>EXPENSES</u>	
Public safety	
Personnel services and related benefits	3,828,745
Operating services	539,007
Materials and supplies	431,337
Travel and other charges	58,559
Professional services	43,723
Capital outlay	223,342
Debt service	
Principle payments on long-term debt	181,682
Interest on long-term debt	10,346
Total Expenses	<u>5,316,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,909,745
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers out	(1,072,023)
Long-term debt proceeds	74,496
Total other financing sources (uses)	<u>(997,527)</u>
NET CHANGE IN FUND BALANCE	912,218
FUND BALANCE AT BEGINNING OF YEAR	<u>7,252,820</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 8,165,038</u></u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balance - Governmental Fund		\$	912,218
Capital Assets:			
Capital outlay included in expenditures	223,342		
Depreciation expense for the year	(223,466)		
Loss on disposal of assets	<u>(17,855)</u>		(17,979)
Long-term debt (notes payable)			
Long-term debt proceeds	(74,496)		
Principal payments on long-term debt	<u>181,682</u>		107,186
Change in compensated absences payable			3,350
Change in other post-employment benefits liability and deferred inflows and outflows in accordance with GASB 75			(258,319)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68			<u>141,783</u>
Total change in net position - Governmental Activities		\$	<u>888,239</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Detention Center Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 112,686
Receivables	75,065
Due from other funds	833,757
Prepaid expenses	7,822
Total current assets	<u>1,029,330</u>
NONCURRENT ASSETS	
Cash restricted	32,509
Capital assets, net	<u>936,464</u>
Total assets	<u>1,998,303</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to net pension liability	241,811
Deferred outflow amounts related to other post-employment benefits liability	<u>135,434</u>
	377,245
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	72,106
Current portion of other post-employment benefits liability	<u>21,000</u>
Total current liabilities	93,106
NONCURRENT LIABILITIES	
Other post-employment benefits liability, net of current portion	1,621,906
Net pension liability	<u>441,513</u>
Total liabilities	<u>2,156,525</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to pension liability	167,356
Deferred inflow amounts related to total other post-employment benefits liability	<u>0</u>
	167,356
<u>NET POSITION</u>	
Net investment in capital assets	936,464
Restricted for inmate trust accounts	32,509
Unrestricted	<u>(917,306)</u>
Total net position	<u><u>\$ 51,667</u></u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S FUND
MANY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Detention Center Fund
<u>REVENUES</u>	
Charges for services	\$ 737,495
Commissary	39,339
Other	86,643
Total operating revenues	<u>863,477</u>
<u>EXPENSES</u>	
Salaries	898,646
Retirement	171,063
Payroll taxes	22,605
Employee benefits	202,114
Food	199,787
Insurance	67,841
Medical expense	72,523
Miscellaneous	13,558
Professional services	27,560
Repairs and maintenance	50,197
Supplies	115,117
Training	970
Telephone	12,860
Utilities	109,311
Depreciation	71,185
Total operating expenses	<u>2,035,337</u>
Operating income (loss)	(1,171,860)
Nonoperating revenues (expenses)	
Intergovernmental revenue	91,719
Interest revenue	158
Total nonoperating revenues (expenses)	<u>91,877</u>
Income (loss) before transfers	(1,079,983)
Transfers in	<u>1,072,023</u>
Change in net position	(7,960)
NET POSITION AT BEGINNING OF YEAR (Restated)	<u>59,627</u>
NET POSITION AT END OF YEAR	<u><u>\$ 51,667</u></u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 855,788
Payments to suppliers and service providers	(1,039,299)
Payments to employees for salaries and benefits	(898,646)
Net cash used in operating activities	<u>(1,082,157)</u>
Cash flows from non-capital financing activities:	
Intergovernmental revenues	91,719
Transfers	938,891
Net cash provided by non-capital financing activities	<u>1,030,610</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(17,067)</u>
Cash flows from investing activities	
Interest income	<u>158</u>
Net change in cash and cash equivalents	(68,456)
Cash and cash equivalents, beginning of year	<u>213,651</u>
Cash and cash equivalents, end of year	<u>\$ 145,195</u>
Classified as:	
Current	\$ 112,686
Restricted	32,509
Total	<u>\$ 145,195</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	\$ (1,171,860)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation expense	71,185
Decrease in accounts receivable	(7,689)
Decrease in prepaid expenses	7,355
Increase in deferred outflows related to net pension liability	(40,028)
Increase in deferred outflows related to other post-employment benefits liability	(88,424)
Decrease in accounts payable and accruals	3,150
Increase in other post-employment benefits liability	148,898
Decrease in net pension liability	(53,051)
Increase in deferred inflows related to net pension liability	48,307
Decrease in deferred inflows related to other post-employment benefits liability	-
Net cash used in operating activities	<u>\$ (1,082,157)</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Sheriff's Fund</u>	<u>Tax Collector</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 132,672	\$ 17,398	\$ 150,070
Total Assets	<u>\$ 132,672</u>	<u>\$ 17,398</u>	<u>\$ 150,070</u>
LIABILITIES			
Due to taxing bodies and others	\$ 132,672	\$ 17,398	\$ 150,070
Total Liabilities	<u>\$ 132,672</u>	<u>\$ 17,398</u>	<u>\$ 150,070</u>

The accompanying notes are an integral part of this statement.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the Parish. The sheriff 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 neighborhood watch programs, anti-drug abuse programs, et cetera. 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, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The accompanying financial statements of the Sabine Parish Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. 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 primary government (the Sheriff). These statements include the financial activities of the overall government, except for fiduciary activities, displayed for governmental type activities and business-type activities.

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.
- *Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for each function 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

FUND FINANCIAL STATEMENTS (FFS):

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds.

The Sheriff reports the following major governmental fund:

General Fund

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

The Sheriff reports the following proprietary fund type:

The Detention Center Fund (an Enterprise Fund)

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided the periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Sheriff reports the following fiduciary types:

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

B. REPORTING ENTITY

For financial reporting purposes, the Sheriff's basic financial statements include all funds that are controlled by the Sheriff as an independently elected parish official. As an independently elected official, the Sheriff is solely responsible for the operations of his office. Other than certain operating expenditures of the Sheriff that are paid or provided by the Sabine Parish Police Jury (the Police Jury) as required by Louisiana Law, the Sheriff is financially independent. Accordingly, the Sheriff is a primary government for reporting purposes.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. REPORTING ENTITY (continued)

The criteria for including organizations as component units within the Sheriff's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include items such as whether the organization is legally separate, whether the Sheriff appoints a voting majority of the organization's board, whether the Sheriff is able to impose his will on the organization, etcetera. The Sheriff reports no component units.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The Governmental Wide Financial Statements (GWFS), proprietary fund financial statements, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2019, was made available for public inspection and comments from taxpayers at the Sheriff's office during June 2018. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing, which was held at the Sheriff's office, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

E. INTERFUND ACTIVITY

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government wide financial statements.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. INTERFUND ACTIVITY (continued)

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government wide financial statements.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute and the Sheriff's investment policy which allows for investment in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, and investment grade commercial paper of domestic United States corporations and other allowable investments. Investments are carried at fair market value as of the balance sheet date.

I. CAPITAL ASSETS

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Sheriff is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements and 5 to 10 years for movable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing assets.

J. COMPENSATED ABSENCES

Employees of the Sheriff that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. The maximum amount of sick leave that may be accumulated and carried forward is 360 hours. Sick leave is not paid out upon termination, retirement or death. The maximum amount of vacation leave that may be accumulated and carried forward is 40 and 42 hours, based on the number of hours worked per week. Upon termination, an employee is compensated for up to 40 to 42 hours of the unused, previously accrued vacation leave. Compensation is provided at the employee's hourly rate of pay at the time of termination, retirement or death.

K. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions. To handle such risk of loss, the Sheriff maintains commercial insurance policies, workers' compensation insurance, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended June 30, 2019.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. ESTIMATES

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

M. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

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

N. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the Sheriff's office or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Sheriff's highest level of decision-making authority.

Assigned – represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Sheriff's office reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Sheriff's office reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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. Interfund transactions are reported as transfers.

P. SALES TAXES

The Sheriff collects a one-half percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used for salaries and benefits of deputies and acquiring, maintaining and operating of Sheriff's vehicles and equipment. The tax, approved by voters on July 17, 2004, was effective from and after October 1, 2004.

The Sheriff collects a one-quarter percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used for the purpose of providing additional funding for the Sheriff's office. The tax, approved by voters on January 18, 2003, was effective August 1, 2003 and is for a period of 10 years ending July 31, 2014. The tax was approved and renewed effective August 1, 2014 and for a period of 10 years ending July 31, 2024.

Q. PENSION PLAN

The Sabine Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 9. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. It has total deferred outflows of resources related to the net pension liability of \$1,007,544 and deferred outflows of resources related to other post-employment benefits of \$476,782. See Note 9 for additional information on deferred outflows of resources related to defined benefit pension plans and Note 10 for additional information on deferred outflows of resources related to other post-employment benefits.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Sheriff has deferred inflows of resources related to the net pension liability in the amount of \$697,315 and deferred inflows of resources related to other post-employment benefits of \$661,906. See Note 9 for additional information on deferred inflows of resources related to defined benefit pension plans and Note 10 for additional information on deferred inflows of resources related to other post-employment benefits.

S. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARD

The Sheriff also adopted GASB Statement Number 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The required disclosures were included in the financial statements.

In March 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The statement clarifies the definition of debt for disclosure purposes and expands the required debt disclosures to provide more detail about governmental obligations. GASB 88 defines debt for purposes of disclosures as a liability that arises from a contractual obligation to pay cash (or another financial asset) in one or more payments to settle an amount that is fixed at the date when the contractual obligation is established. GASB 88 requires that direct borrowings and placements be disclosed separately from other types of debt and also provides additional guidance for disclosures related to debt. The provisions of GASB 88 are effective for financial statements for periods beginning after June 15, 2018. Additional disclosures are included in Note 8.

T. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board that are scheduled to be implemented in the future that may affect the Sheriff's financial report:

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Sheriff controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2020 financial statement. The effect of this standard or its applicability to the Sheriff are unknown at this time.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED (continued)

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the Sheriff lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Sheriff are unknown at this time.

2. LEVIED TAXES

The Sheriff levies taxes on real and business personal property located within its boundaries. Ad valorem taxes are assessed on a calendar year basis, levied and become due on November 15 of each year and become an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of June 30, 2019:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Law Enforcement District	13.57	13.57	Statutory

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents			
Petty cash	\$ 500	\$ -	\$ -
Demand deposits	2,040,528	112,686	150,070
Time and savings deposits	236,938	-	-
	<u>2,277,966</u>	<u>112,686</u>	<u>150,070</u>
Restricted cash			
Demand deposits - inmates	5,365	32,509	-
Demand deposits - probation	33,996	-	-
Demand deposits - narcotics	259	-	-
	<u>39,620</u>	<u>32,509</u>	<u>-</u>
Total deposits	<u>\$ 2,317,586</u>	<u>\$ 145,195</u>	<u>\$ 150,070</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be returned to them. The Sheriff does not have a deposit policy for custodial credit risk; however, state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent's financial institution. At June 30, 2019, the Sheriff's bank balance of demand deposit accounts was \$2,604,255. Of this balance, approximately \$57,000 was not fully collateralized or FDIC insured and therefore was exposed to custodial credit risk. Time and savings deposits (money market account) of \$236,938 are held with an investment management company and covered by Security Investor Protection Corporation (SIPC) insurance of \$500,000. Holdings with investment companies are not required to be collateralized.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

3. DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Sheriff's office has restricted assets relating to inmate trust accounts, probation accounts and narcotics funds. The inmate trust accounts consist of money that is deposited by inmates for purchase of commissary items. The Sheriff's office is not entitled to spend these funds. Probation and narcotics money consists of funds collected by the Sheriff related to criminal cases. The Sheriff's office is not entitled to spend these funds until the related case has been settled. Once cases are settled the funds will either be returned to the defendant or distributed among local Parish entities.

4. RECEIVABLES

	Governmental Activities	Business-Type Activities	Total
Taxes	\$ 321,715	\$ -	\$ 321,715
Fees, charges and commissions for service	61,904	75,065	136,969
Accrued interest on investments	25,783	-	25,783
Other	675	-	675
Total	<u>\$ 410,077</u>	<u>\$ 75,065</u>	<u>\$ 485,142</u>

5. INVESTMENTS

The Sheriff maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Sheriff may invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities and other governmental debt obligations with limited exceptions as noted in Louisiana R.S. 33:2955. Investments in time certificates of deposit can be placed with state banks, national banks or federal credit unions as permitted in state statute.

As of June 30, 2019, the Sheriff had its assets in certificates of deposit, U.S. agency securities and equity trusts. The below schedule identified the investments by type:

Type of Investment	Carrying Value	Remaining Maturity				Credit Rating (Moody's)
		Less than one year	1 - 5	6 - 10	11 - 15	
Investments at fair value						
U.S. agency securities	\$ 6,311,222	\$ -	\$ 2,420,322	\$ 2,860,408	\$ 1,030,492	AAA
Investments measured at net asset value (NAV)						
Equity trusts	87,637	87,637	-	-	-	
Total investments measured at fair value	6,398,859	87,637	2,420,322	2,860,408	1,030,492	
Investments reported at cost						
Certificates of deposit	124,151	-	-	100,163	23,988	
Total Investments	<u>\$ 6,523,010</u>	<u>\$ 87,637</u>	<u>\$ 2,420,322</u>	<u>\$ 2,960,571</u>	<u>\$ 1,054,480</u>	

The Sheriff categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

5. INVESTMENTS (continued)

The Sheriff has the following recurring fair value measurements as of June 30, 2019:

Level 2 inputs – U.S. agency securities are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table above shows the maturities of the Sheriff's investments. The Sheriff's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Under Louisiana R.S. 33:2955, as amended, the Sheriff may invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities and other governmental debt obligations with limited exceptions. The Sheriff's investment policy does not further limit its investment choices.

Concentration of Credit Risk – The Sheriff's investment portfolio had concentration of credit risk on June 30, 2019 due to the holding of securities issued by the following U.S. Agencies that are both permitted by statute and Sheriff's investment policy. The Sheriff's investment portfolio consisted of 14% of securities issued by the Federal National Mortgage Association, 40% of securities issued by the Federal Home Loan Mortgage Corporation and 43% of securities issued by the Federal Home Loan Bank. The Sheriff's investment policy does not limit the amount it may invest in any one issuer.

Custodial credit risk-investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Sheriff does not have an investment policy for custodial credit risk; however, state law described in a preceding paragraph is designed to limit this risk. The Sheriff has custodial credit risk exposure for the investment balance because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. Investments are held with an investment management company which is insured by SIPC for up to \$500,000.

The \$87,637 in equity trusts is invested in GNMA re-investment trust securities, valued using net asset value (NAV). This security is a pooled investment vehicle that seeks monthly distributions of interest through long-term investments in a portfolio of Ginnie Maes. Interest in these securities may be liquidated on a daily basis at the daily redemption rate which is NAV.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

6. CAPITAL ASSETS

The following is a summary of the Sabine Parish Sheriff's capital assets as of June 30, 2019:

	Balance as of June 30, 2018	Additions	Retirements	Balance as of June 30, 2019
Governmental Activities				
Cost of capital assets				
Building	\$ 386,211	\$ -	\$ -	\$ 386,211
Autos & Equipment	2,496,442	223,342	(131,810)	2,587,974
Total cost of capital assets	2,882,653	223,342	(131,810)	2,974,185
Accumulated depreciation				
Building	91,864	12,932	-	104,796
Autos & Equipment	1,828,515	210,534	(113,955)	1,925,094
Total accumulated depreciation	1,920,379	223,466	(113,955)	2,029,890
Total Governmental Activities capital assets, net of accumulated depreciation	\$ 962,274	\$ (124)	\$ (17,855)	\$ 944,295

For the year ended June 30, 2019, depreciation expense for governmental activities totaled \$223,466 and was charged to the public safety functional expense category.

	Balance as of June 30, 2018	Additions	Retirements	Balance as of June 30, 2019
Business-Type Activities				
Cost of capital assets				
Land	\$ 111,165	\$ -	\$ -	\$ 111,165
Building	2,104,888	-	-	2,104,888
Autos & Equipment	297,029	17,067	(32,540)	281,556
Total cost of capital assets	2,513,082	17,067	(32,540)	2,497,609
Accumulated depreciation				
Land	-	-	-	-
Building	1,274,411	52,674	-	1,327,085
Autos & Equipment	248,089	18,511	(32,540)	234,060
Total accumulated depreciation	1,522,500	71,185	(32,540)	1,561,145
Total Business-Type Activities capital assets, net of accumulated depreciation	\$ 990,582	\$ (54,118)	\$ -	\$ 936,464

For the year ended June 30, 2019, depreciation expense for business-type activities totaled \$71,185 and was charged to the detention center functional expense category.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

7. DUE TO/FROM OTHER FUNDS

Individual balances due to/from other funds at June 30, 2019 are as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
Major funds:		
General Fund - Governmental	\$ 833,757	\$ -
Detention Center - Proprietary	<u>-</u>	<u>833,757</u>
	<u>\$ 833,757</u>	<u>\$ 833,757</u>

8. LONG-TERM DEBT

In order to finance the purchase of automobiles, the Sheriff has entered into direct borrowing financed purchase agreements. The total amount financed was approximately \$632,000 due in monthly installments of \$806 to \$4,822 over a period of 36 months maturing between June 2019 and March 2022 including interest ranging from 3.75% to 4.75%. The automobiles are pledged as collateral for the direct borrowing. In the event of default or termination, the lender may declare all amounts due and payable and request that the automobiles be returned to the lender.

The following is a summary of long-term debt transactions of the Sheriff for the year ended June 30, 2019:

Governmental-type Activities:

	<u>Notes from Direct Borrowings</u>
Balance at July 1, 2018	\$ 313,063
Increases	74,496
Pay downs and other decreases	<u>(181,682)</u>
Balance at June 30, 2019	<u>\$ 205,877</u>

Debt service requirements on long-term debt from direct borrowings at June 30, 2019, are as follows:

<u>Year Ended June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
2020	\$ 127,956	\$ 6,164	\$ 134,120
2021	60,754	1,938	62,692
2022	<u>17,167</u>	<u>314</u>	<u>17,481</u>
Total	<u>\$ 205,877</u>	<u>\$ 8,416</u>	<u>\$ 214,293</u>

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN

The Sabine Parish Sheriff's Office (the Sheriff) is a participating employer in the Sheriffs' Pension and Relief Fund (Fund), which is a cost-sharing defined benefit pension plan. The Fund is a public corporation created in accordance with the provision of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' office throughout the State of Louisiana, employees of Louisiana Sheriffs' Association (LSA) and Sheriffs' Pension and Relief Fund's office. The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members.

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fund. The report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

Plan Description

Sheriffs' Pension and Relief Fund is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees of sheriff's offices throughout the state of Louisiana, employees of the Louisiana Sheriff's Association and the Sheriff's Pension and Relief Fund's office as defined in LRS 11:2171. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:2178.

Cost of Living Adjustments:

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

Funding Policy

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2019, the actual employer contribution rate was 12.25%. For the year ended June 30, 2018, the actuarially determined employer contribution rate was 12.75%. Also, employer contributions for the year ended June 30, 2019, were \$405,419. In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions recognized for the year ended June 30, 2019, were \$195,856.

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary.

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

At June 30, 2019, the Sheriff reported a liability of \$1,839,638 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on the Sheriff's share of contributions to the pension plan relative to the contributions of all participating employers, during the measurement period. At June 30, 2018, the Sheriff's proportion was 0.479741%, which was an increase of 0.00386% from its proportion measured as of June 30, 2017.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN (continued)

For the year ended June 30, 2019, the Sheriff recognized pension expense of \$414,720 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience with regard to economic or demographic factors	\$ -	\$ (516,415)
Changes of assumptions about future economic or demographic factors	543,823	-
Net difference between projected and actual earnings on pension plan investments	-	(109,207)
Changes in proportionate and differences between Employer contributions and proportionate share of contributions	58,302	(71,693)
Employer contributions subsequent to the measurement date	405,419	-
Total deferred outflows and deferred inflows	<u>\$ 1,007,544</u>	<u>\$ (697,315)</u>

The Sheriff reported a total of \$405,419 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2020.

At June 30, 2019, the net pension liability, deferred outflows and deferred inflows are reflected on the Statement of Net Position as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Governmental Activities	\$ 1,398,125	\$ 765,733	\$ (529,959)
Business-Type Activities	441,513	241,811	(167,356)
Total	<u>\$ 1,839,638</u>	<u>\$ 1,007,544</u>	<u>\$ (697,315)</u>

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN (continued)

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

Year	Total
2020	\$ 85,812
2021	11,663
2022	(185,293)
2023	(13,612)
2024	6,240
	\$ (95,190)

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	6 years
Investment Rate of Return	7.25%, net of investment expense
Projected salary increases	5.5% (2.60% inflation, 2.90% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table for disabled annuitants
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.
Changes in Valuation Methods and Assumptions	The valuation interest rate lowered from 7.40% to 7.25% for the year ended June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	62%	4.30%
Bonds	23%	0.70%
Alternative investments	15%	0.70%
Total	100%	5.70%
Inflation		2.50%
Expected arithmetic nominal return		8.20%

Discount Rate

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

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

The following table presents the Sheriff's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Fund as well as what the Sheriff's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Fund:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.25%	7.25%	8.25%
Sheriff's Share of NPL	\$ 4,163,347	\$ 1,839,638	\$ (116,659)

Payables to the Pension Plan

The Sheriff recorded accrued liabilities to the Fund for the year ended June 30, 2019 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to the retirement system at June 30, 2019 is \$28,138.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

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

Benefits Provided – Medical, dental, vision, and life insurance benefits are provided to employees upon actual retirement. The employer pays for the medical/dental/vision and life insurance coverage for the retiree only (not dependents). Employees are eligible for such coverage if they meet the following retirement eligibility provisions: 30 years of service at any age; or, age 55 and 20 years of service; or, age 65 and 16 years of service.

Life insurance coverage is continued to retirees, for which the employer pays 100% of the cost. However, the rates are based on the blended active/retired rate and there is thus an implied subsidy. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>79</u>
	<u>99</u>

Total OPEB Liability

The Sheriff's total OPEB liability of \$6,883,153 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and other inputs –The following actuarial assumptions and other inputs were applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.62% annually
Discount rate	3.50% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Total OPEB Liability (continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 6,098,238
Changes for the year:	
Service cost	162,389
Interest	223,695
Differences between expected and actual experience	400,537
Changes in assumptions	104,291
Benefit payments	(105,997)
Net changes	784,915
Balance at June 30, 2019	\$ 6,883,153

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB liability	\$ 7,973,986	\$ 6,883,153	\$ 6,005,100

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

	1.0% Decrease (4.5%)	Current Discount Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 6,187,124	\$ 6,883,153	\$ 7,742,095

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

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

For the year ended June 30, 2019, the Sheriff recognized OPEB expense of \$424,790. At June 30, 2019, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 559,510	\$ -
Changes in assumptions	98,497	-
Total	<u>\$ 658,007</u>	<u>\$ -</u>

At June 30, 2019, the total OPEB liability, deferred outflows of resources and deferred inflows of resources are reflected on the Statement of Net Position as follows:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Governmental Activities	\$ 5,240,247	\$ 522,573	\$ -
Business-Type Activities	<u>1,642,906</u>	<u>135,434</u>	<u>-</u>
Total	<u>\$ 6,883,153</u>	<u>\$ 658,007</u>	<u>\$ -</u>

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

Years ending		
June 30:		
2020	\$	38,706
2021		38,706
2022		38,706
2023		38,706
2024		38,706
Thereafter		<u>464,477</u>
	<u>\$</u>	<u>658,007</u>

11. LITIGATION AND CLAIMS

At June 30, 2019, the Sheriff was involved in several lawsuits. In the opinion of the Sheriff's legal counsel, the ultimate resolution of these claims would not create a liability to the Sheriff in excess of existing insurance coverage.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

12. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

The Sheriff's office is located in the parish courthouse. Expenditures for maintenance and operation of the parish courthouse, as required by state statute, are paid by the Sabine Parish Police Jury and are not included in the accompanying financial statements.

13. CHANGES IN FIDUCIARY AMOUNTS

A summary of changes in fiduciary amount due to taxing bodies and others follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Agency funds:				
Sheriff's Fund	\$ 121,970	\$ 1,005,505	\$ 994,803	\$ 132,672
Tax Collector	678,196	17,422,204	18,083,002	17,398
Total	<u>\$ 800,166</u>	<u>\$ 18,427,709</u>	<u>\$ 19,077,805</u>	<u>\$ 150,070</u>

14. EX-OFFICIO TAX COLLECTOR

The amount of cash on hand and available for settlements as of June 30, 2019 was \$17,398. Of that cash on hand, none is related to taxes paid under protest.

As of June 30, 2019, \$1,564 of the taxes assessed in Sabine Parish from the 2018 tax roll was not collected. The uncollected taxes pertaining to immovable property are pending resolution from the Louisiana Tax Commission. The uncollected taxes pertaining to movable properties are for businesses, oil and gas or pipelines. These will have tax liens placed on them. As of June 30, 2019, \$14,359 of the taxes assessed were refunded.

The amount of taxes assessed and uncollected for the current year by taxing authority is as follows:

	Taxes Assessed (Adjusted Roll)	Taxes Collected (Net Collected)	Uncollected (To be Collected)
Sabine Parish Assessor	\$ 1,142,166	\$ 1,142,050	\$ 116
Louisiana Agriculture & Forestry Commission	34,050	34,050	-
Louisiana Tax Commission	9,271	9,271	-
North Sabine Fire District	1,125,998	1,125,897	101
Sabine Parish Sheriff	2,410,453	2,410,433	20
Sabine Humane Society, Inc.	296,644	296,613	31
Sabine Parish Fire District I	800,671	800,482	189
Sabine Parish Library	932,545	932,450	95
Sabine Parish Police Jury	3,450,665	3,450,342	323
Sabine Parish School Board	6,438,540	6,437,851	689
Total	<u>\$ 16,641,003</u>	<u>\$ 16,639,439</u>	<u>\$ 1,564</u>

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

15. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. The Tax Collector did not collect any ad valorem taxes paid under protest at June 30, 2019.

16. TAX ABATEMENT

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2019, \$72,000 in Sabine Parish Sheriff ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

17. PRIOR PERIOD RESTATEMENT

The Sheriff adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This new standard required the Sheriff to recognize and report its total other postemployment benefit liability, and deferred inflows and deferred outflows, measured according to actuary methods and approaches prescribed within the standard. For the year ended June 30, 2018, the actuarially determined service cost was overstated and the related deferred inflows and deferred outflows were misstated resulting in an overstatement of OPEB expenses recognized. The net effect on beginning net position is as follows:

	Governmental Activities	Business-Type Activities and Detention Center Fund
Total Net Position, June 30, 2018		
as previously reported	\$ 1,435,046	\$ (159,082)
OPEB expenses previously reported	959,608	314,423
Corrected OPEB expenses	(285,591)	(95,714)
Net effect	674,017	218,709
Total Net Position, June 30, 2018, Restated	\$ 2,109,063	\$ 59,627

REQUIRED
SUPPLEMENTARY INFORMATION

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual
<u>REVENUES</u>			
Taxes	\$ 5,100,000	\$ 5,100,000	\$ 5,899,253
State revenue sharing	66,575	66,575	66,577
Intergovernmental revenue	254,550	254,550	258,190
Fees, charges, and commissions for services	636,293	636,293	631,229
Interest and investment income	95,875	95,875	291,304
Other	87,200	87,200	79,933
Total Revenues	6,240,493	6,240,493	7,226,486
<u>EXPENDITURES</u>			
General Government			
Personnel services and related benefits	3,833,109	3,833,109	3,828,745
Operating services	431,967	431,967	539,007
Material and supplies	482,050	482,050	431,337
Travel and other charges	28,000	28,000	58,559
Professional services	35,500	35,500	43,723
Capital outlay	60,000	60,000	148,846
Debt Service			
Principle payments on long-term debt	193,453	193,453	181,682
Interest on long-term debt	11,818	11,818	10,346
Total Expenditures	5,075,897	5,075,897	5,242,245
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,164,596	1,164,596	1,984,241
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(1,158,317)	(1,158,317)	(1,072,023)
Total Other Financing Sources (Uses)	(1,158,317)	(1,158,317)	(1,072,023)
NET CHANGE IN FUND BALANCE	6,279	6,279	912,218
FUND BALANCE AT BEGINNING OF YEAR	7,778,934	7,778,934	7,252,820
FUND BALANCE AT END OF YEAR	\$ 7,785,213	\$ 7,785,213	\$ 8,165,038

Notes to Schedule:

Budget to Actual Reconciliation - Budgets are prepared on a budgetary basis which does not recognize the non-cash affects of other financing sources and capital outlay associated with debt used to purchase or lease assets. A reconciliation of the budgetary basis capital outlay and other financing sources is presented below:

	Capital outlay	Other financing sources
GAAP basis capital outlay and other financing sources	\$ 223,342	\$ 74,496
Back out: Assets acquired through financed purchase	(74,496)	(74,496)
Budgetary basis capital outlay and other financing sources	\$ 148,846	\$ -

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

SCHEDULE OF CHANGES IN
TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

Financial statement reporting date	Measurement date	Service cost	Interest	Differences between expected and actual experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
6/30/2019	6/30/2019	\$ 162,389	\$ 223,695	\$ 400,537	\$ 104,291	\$ (105,997)	\$ 784,915	\$6,098,238	\$6,883,153	\$ 3,272,032	210.36%
6/30/2018	6/30/2018	\$ 160,142	\$ 210,503	\$ 202,545	\$ -	\$ (129,810)	\$ 443,380	\$5,654,858	\$6,098,238	\$ 3,176,730	191.97%

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

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

See the accompanying notes to the Required Supplementary Information.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2019 (*)

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2019	0.48%	\$ 1,839,638	\$ 3,301,934	55.71%	90.41%
2018	0.48%	2,060,686	3,288,052	62.67%	88.49%
2017	0.49%	3,080,199	3,314,415	92.93%	82.10%
2016	0.47%	2,102,210	3,126,852	67.23%	86.61%
2015	0.48%	1,899,694	3,173,301	59.86%	87.34%

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

(*) The amounts presented have a measurement date of June 30th of the previous year-end.

See the accompanying notes to the Required Supplementary Information.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

SCHEDULE OF THE EMPLOYER CONTRIBUTIONS TO
THE SHERIFFS' PENSION AND RELIEF FUND

Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2019	\$ 405,419	\$ 405,419	-	\$ 3,304,418	12.27%
2018	420,996	420,996	-	3,301,934	12.75%
2017	435,928	435,928	-	3,288,052	13.26%
2016	455,733	455,733	-	3,314,415	13.75%
2015	445,576	445,576	-	3,126,852	14.25%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Fund

³ Employer's covered payroll amount for the fiscal year ended June 30

See the accompanying notes to the Required Supplementary Information.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO OTHER POST-EMPLOYMENT BENEFIT PLAN

Changes in benefit terms -

There were no changes of benefit terms for the years presented.

Changes in assumptions -

The fluctuations in the changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used in each measurement of total other post-employment obligation.

Measurement			
Year end	Date	Rate	Change
6/30/2019	6/30/2019	3.500%	-0.120%
6/30/2018	6/30/2018	3.620%	0.040%
6/30/2017	6/30/2017	3.580%	

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO LOUISIANA SHERIFFS' PENSION AND RELIEF FUND

Changes in benefit terms -

There were no changes of benefit terms for the years presented.

Changes in assumptions -

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:

Year End (*)	Rate	Change
6/30/2019	7.250%	-0.150%
6/30/2018	7.400%	-0.100%
6/30/2017	7.500%	-0.100%
6/30/2016	7.600%	-0.100%
6/30/2015	7.700%	

Merit:

Year End (*)	Rate	Change
6/30/2019	2.900%	0.175%
6/30/2018	2.725%	0.100%
6/30/2017	2.625%	0.000%
6/30/2016	2.625%	-0.375%
6/30/2015	3.000%	

Inflation Rate:

Year End (*)	Rate	Change
6/30/2019	2.600%	-0.175%
6/30/2018	2.775%	-0.100%
6/30/2017	2.875%	0.000%
6/30/2016	2.875%	-0.125%
6/30/2015	3.000%	

Investment rate of return:

Year End (*)	Rate	Change
6/30/2019	7.250%	-0.250%
6/30/2018	7.500%	-0.100%
6/30/2017	7.600%	-0.100%
6/30/2016	7.700%	0.000%
6/30/2015	7.700%	

Salary Increases:

Year End (*)	Rate	Change
6/30/2019	5.500%	0.000%
6/30/2018	5.500%	0.000%
6/30/2017	5.500%	0.000%
6/30/2016	5.500%	-0.500%
6/30/2015	6.000%	

(*) The amounts presented have a measurement date of the previous fiscal year-end.

STATE OF LOUISIANA, PARISH OF Sabine

AFFIDAVIT

Ronald G. Richardson (Sheriff's Name), Sheriff of Sabine (Parish)

BEFORE ME, the undersigned authority, personally came and appeared, Ronald G. Richardson, the sheriff of Sabine Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

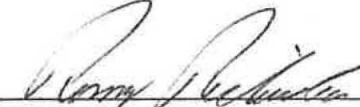
\$ 17,398 is the amount of cash on hand in the tax collector account on

June 30, 2019 (Date);


He further deposed and said:

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

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


Signature
Sheriff of Sabine
(Parish)

SWORN to and subscribed before me, Notary, this 16 day of Dec, 2019, in my office in the Many, Louisiana.
(City/Town)

 (Signature)
Marcelle A. Tramel (Print), # 63007
Notary Public
A/D (Commission)

OTHER SUPPLEMENTARY INFORMATION

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE SABINE PARISH SHERIFF
FOR THE YEAR ENDED JUNE 30, 2019

Sabine Parish Sheriff, Ronny Richardson

Purpose	Amount
Salary	\$ 145,762
Benefits - insurance	3,810
Benefits - retirement	19,669
Expense allowance	14,576
	<u>\$ 183,817</u>

OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS

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

Honorable Ronald G. Richardson
Sabine Parish Sheriff
Many, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sabine Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Sabine Parish Sheriff's basic financial statements, and have issued our report thereon dated December 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency identified as 2019-001.

Compliance and Other matters

As a 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*.

Sabine Parish Sheriff's Response to Findings

The Sheriff's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 17, 2019

SABINE PARISH SHERIFF
MANY, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Sabine Parish Sheriff's Office as of and for the year June 30, 2019.
2. One significant deficiency was reported relating to the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Sabine Parish Sheriff's Office were reported.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001

Agency Fund Reconciliation (Repeat)

Criteria: The Sheriff's Fund bank account is used as a depository for court fines, traffic tickets payments, commercial and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

Condition: These depository cash balances are reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales upon request. However, the cash balances are not reconciled to subsidiary listings regularly.

Effect: Unauthorized transactions may occur and not be detected timely.

Cause: Limited staff makes it difficult to initiate the process and develop the correct reports from the case management software.

Recommendation: We recommend that the Sheriff initiate/improve the process of reconciling subsidiary balances to the respective depository balances.

Management's Response and Planned Corrective Action:

The Sheriff will implement the above controls. This resolution will be implemented by June 30, 2020.

SABINE PARISH SHERIFF
MANY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

FINDINGS -- FINANCIAL STATEMENT AUDIT

2018-001 **Agency Fund Reconciliation (Repeat)**

Criteria: The Sheriff's Fund bank account is used as a depository for court fines, traffic tickets payments, commercial and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

Condition: These depository cash balances are reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales upon request. However, the cash balances are not reconciled to subsidiary listings regularly.

Current Status: *Repeat finding 2019-001.*

2018-002 **Louisiana Bid Law**

Criteria: According to Louisiana Revised Statute 38:2212.1, all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition: Three telephone or facsimile quotations were not obtained for two purchases for materials and supplies of ten thousand dollars or more, but less than thirty thousand dollars.

Current Status: *Resolved.*

Honorable Ronald G. Richardson
Sabine Parish Sheriff
Many, Louisiana

We have audited the financial statements of the Sabine Parish Sheriff's Office (Sheriff) for the year ended June 30, 2019, and have issued our report thereon dated December 17, 2019. As part of our audit, we evaluated internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America and Governmental Auditing Standards. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

During the course of our audit, we became aware of matters that are opportunities for strengthening internal accounting controls or the operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 17, 2019, on the financial statements of the Sabine Parish Sheriff's Office or the Sheriff's internal control over financial reporting and on compliance and other matters.

MLC-2019-001 Segregation of Duties and Internal Controls (repeat)

Observation: Internal controls should be established to ensure that transactions are authorized, and errors and unauthorized transactions are prevented or detected and corrected timely. Generally, effective internal controls segregate the incompatible duties of authorizing the transaction, accounting and reconciliation duties and having access to the assets. If mitigating controls exists, then those control procedures should be clear and documented.

MLC-2019-001 Segregation of Duties and Internal Controls (repeat) (continued)

We observed the following conditions:

- The Chief Civil Deputy has the authority to issue purchase orders/requisitions, approve invoices for payment, and sign checks as well as prepare and review bank reconciliations. The Sheriff has implemented controls mitigating the lack of segregation of duties. Non-routine purchases initiated by the Chief Civil Deputy are scrutinized by the Accounts Payable Clerk. Further, material non-routine purchases initiated by the Chief Civil Deputy must be approved by the Sheriff. Further, policies and procedures were adopted, which broadly describe these mitigating controls. However, policies and procedures do not specifically address the method, frequency, or documentation evidencing these reviews and approvals.
- The Chief Civil Deputy has the authority to approve timesheets, change pay rates and approve payroll. In addition, the Payroll Clerk processes payroll as well as updates/changes pay rates (approved by Sheriff, Chief Deputy and/or Chief Civil Deputy) in the payroll system. As a mitigating process, the payroll is also reviewed for reasonableness by the Sheriff. However, policies and procedures do not specifically address the method, frequency, or documentation evidencing these reviews and approvals.

Recommendation: The Sheriff should update policies and procedures to fully describe the methods, frequencies and documentation evidencing the review and/or approval of transactions initiated by the Chief Civil Deputy and payroll. The process of reviewing and/or approving should be evidenced by initials or signatures on the documents being reviewed and/or approved.

Management's Response and Corrective Action:

Policies will be revised as suggested.

MLC-2019-002 Collateral on Deposits

Observation: Louisiana law requires deposits over \$250,000, the FDIC insured limit, to be secured by collateral (R.S. 39:1218 through R.S. 39:1221). The fiscal agent bank is required to deposit and maintain with an unaffiliated bank that security.

Collateral and FDIC insurance were deficient by approximately \$57,000 for accounts with a bank at June 30, 2019.

Recommendation: We recommend that the Sheriff implement a procedure whereby collateral coverage is reviewed quarterly.

Management's Response and Corrective Action:

Bank reports of deposit collateral are generated and provided on a regular basis and reviewed upon receipt. Reviews will be documented.

MLC-2019-003 Louisiana Bid Law

Observation: According to Louisiana Revised Statute 38:2212(P), public emergencies have to be certified to by the public entity and notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.

An emergency fixed asset purchase for the Detention Center (hot water heater) was made in October 2018 for a total of approximately \$16,500. The Sheriff considered it imperative to repair or replace the hot water heater immediately, for hygiene and sanitation purposes. However, the Sheriff did not follow bid law procedures for emergency purchases which include certifying to the emergency and public notice within the specified time frame.

Recommendation: The Sheriff should consider the applicability of the Louisiana Public Bid law prior to purchases.

Management's Response and Corrective Action:

The sheriff *does* consider the *applicability* of the Louisiana Public Bid law *prior to purchases*. There were no exceptions noted in regard to advertising or calling for bids. The criticism is derived from the fact that the emergency exception was not published, which we were not aware was a requirement.

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters, or to assist you in implementing the recommendations. We would also like to thank the Sheriff's staff for their patience and cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Sabine Parish Sheriff's Office and its management and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 17, 2019

SABINE PARISH SHERIFF'S OFFICE

REPORT ON STATEWIDE

AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL

AREAS

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Sabine Parish Sheriff's Office and the
Louisiana Legislative Auditor:

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

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

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 17, 2019

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

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

Written Policies and Procedures

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

The Sheriff has written policies for contracting; however, the policies do not contain attributes regarding (2) standard terms and conditions and (5) the monitoring process.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Written Policies and Procedures (continued)

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

The Sheriff has written policies for credit cards; however, the policies do not contain attributes regarding (2) allowable business uses and (3) documentation requirements.

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

No exceptions noted.

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

The Sheriff has written policies for ethics; however, the policies do not contain attributes regarding (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) a system to monitor possible ethic violations, and (4) the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

No exceptions noted. The Sheriff has written policies for debt service which includes (1) debt issuance approval.

The written policies for debt service do not include (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements; however, these are not applicable as the Sheriff's debt does not include bonded debt, debt covenants and/or reserve requirements.

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Sheriff has written policies for disaster recovery/business continuity; however, the policies do not contain attributes regarding (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, and (5) timely application of all available system and software patches/updates.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Board or Finance Committee

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

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

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

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

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

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

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of sixteen (16) bank accounts. Management identified the Sheriff's main operating account. A signed representation by management was obtained on the completeness of the listing provided.

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

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Bank Reconciliations (continued)

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

Of the five (5) bank accounts selected, none of the reconciliations had documentation (preparation or review dates) evidencing preparation within 2 months of the related statement closing date.

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

Of the five (5) bank accounts selected, one (1) bank reconciliation was reviewed by a member of management (Chief Civil Deputy), who has the ability to post ledgers and issue checks.

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

Three (3) of the five (5) bank reconciliations selected for testing had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

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

A listing of deposit sites was provided and included a total of two (2) deposit sites. A signed representation by management was obtained on the completeness of the listing.

From the listing provided, we selected the two (2) deposit sites and performed the procedures below.

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

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of three (3) collection locations. A signed representation by management was obtained on the completeness of the listing.

From each of the listing provided, we randomly selected one (1) collection location for each of the two (2) deposit sites. Review of the Sheriff's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Collections (continued)

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

For one (1) of the two (2) collection locations tested, employees responsible for cash collections share cash drawers/registers.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

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

We randomly selected two (2) deposit dates for each of the five (5) bank accounts selected in procedure #3. Of the five (5) bank accounts selected, one (1) did not have deposits during the month randomly selected for procedures #3, or the entire year. We obtained supporting documentation for deposits related to the remaining four (4) bank accounts and performed the procedures below.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Collections (continued)

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

For two (2) of the eight (8) deposits dates selected for testing, the collections and subsequent deposits were sales tax distributions and deposited directly into the account by the taxing authority. As such, the attribute is not applicable.

For six (6) of the eight (8) remaining deposit dates selected for testing, no exceptions were noted.

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

For two (2) of the eight (8) deposits dates selected for testing, the collections and subsequent deposits were sales tax distributions and deposited directly into the account by the taxing authority. As such, the attribute is not applicable.

For six (6) of the eight (8) remaining deposit dates selected for testing, no exceptions were noted.

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

No exceptions noted.

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

For two (2) of the eight (8) deposits dates selected for testing, the collections and subsequent deposit was not performed by the Sheriff but was performed by the taxing authority. As such, the attribute is not applicable.

For six (6) of the eight (8) remaining deposit dates selected for testing, the Sheriff did not make the deposit within one (1) business day for thirty (30) of the fifty-eight (58) individual collection transactions.

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

No exceptions noted.

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JUNE 30, 2019

Schedule A

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

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

The listing of locations that process payments for the fiscal period was provided and included a total of one (1) location. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

Review of the Sheriff's written policies and procedures and/or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

For the one (1) payment processing location tested, the employee responsible for processing payments also mails the checks.

SABINE PARISH SHERIFF'S OFFICE
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JUNE 30, 2019

Schedule A

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for the one (1) payment processing location selected in procedures #8 was provided related to the reporting period. A signed representation by management was obtained on the completeness of the listing provided.

From the listings provided, we randomly selected five (5) disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For all five (5) disbursements selected for testing, the person responsible for processing payment also mailed the check.

No other exceptions noted.

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

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

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

For the five (5) vendors selected for testing, three (3) were Louisiana Public Bid Law applicable. One (1) of the three (3) contracts was not compliant as no declaration of emergency or related emergency purchase was published in accordance with Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrenson Act, Home Rule Charter).

We noted no exceptions for three (3) of the five (5) contracts. There was no formal/written contract for two (2) of the five (5) vendors. As such, we were unable to perform the procedures for that contract.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

We noted no exceptions for three (3) of the five (5) contracts. There was no formal/written contract for two (2) of the five (5) vendors. As such, we were unable to perform the procedures for that contract.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Contracts (continued)

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We noted no exceptions for three (3) of the five (5) contracts. There was no formal/written contract for two (2) of the five (5) vendors. As such, we were unable to perform the procedures for that contract.

Payroll and Personnel

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
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Schedule A

Payroll and Personnel (continued)

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

Ethics

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

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

No exceptions noted.

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

One (1) of the employees selected for testing was part-time and this procedure does not apply. For the remaining four (4) employees/officials selected for testing, signature verification evidencing that the employee/official had read the Sheriff's ethics policy during the fiscal period could not be obtained.

Debt Service

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

A list of notes issued (bonds not applicable) during the fiscal year was provided and included a total of one (1) new note. A signed representation by management was obtained on the completeness of the listing.

No exception noted. The one (1) note issued during the fiscal year included a non-appropriation clause. As such, approval by the State Bond Commission is not required.

SABINE PARISH SHERIFF'S OFFICE
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Debt Service (continued)

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

A list of notes outstanding (bonds not applicable) as of June 30, 2019 was provided. A signed representation by management was obtained on the completeness of the listing.

Attribute is not applicable as none of the Sheriff's notes have debt covenants and/or required reserve balances.

Other

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2019

Schedule B

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

Written Policies and Procedures

1.f) **Contracting** - Best practices as suggested by the Louisiana Legislative Auditor will be reviewed and incorporated into policy as considered appropriate.

1.g) **Credit Cards**

(2) Allowable business uses - Fuel cards issued to all vehicle users are restricted by system to fuel purchases only. Other cards are controlled by the chief deputies and warden, who verify that the requested uses are for appropriate department benefit before using or releasing them.

(3) Receipts - All credit card purchases are documented via vendor receipts attached to paid statements. These critiques are strictly a matter of form over substance. Policies will be amended to reflect the recommendations.

1.I) **Ethics** - The best practices guide published by the Louisiana Legislative Auditor will be incorporated into policy as applicable.

1. k) **Disaster Recovery/Business Continuity**

(3) Periodic testing/verification of backups - Primary operating software (GFA, C&T, Tax) is backed up on the vendor's servers. Local network computers are backed up at the department's local IT vendor. Experience has shown that backups work! This can be added to policy.

(4) Antivirus software - The department uses a virtual private network. The local IT vendor provides antivirus software. When the parish school board was hit with a ransom ware attack this year, the local IT vendor consulted with specialists working with the school board to ensure that the sheriff department's protection was adequate.

(5) Timely installation of system and software patches and updates - This is performed by vendors at their discretion.

Policies will be revised to incorporate the suggestions.

Bank Reconciliations

3a) Statements are reconciled as soon as possible after the close of the month, in nearly all cases even before the actual paper statements are received in the mail because statements can be downloaded.

This is simply best practice. Technically, the accounts need to be in balance as of only one date in the year, the fiscal year-end, so that the books can be fairly stated. Of course, it would be wildly impractical

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2019

Schedule B

and perhaps malfeasance to wait too long before reconciling accounts because it is necessary, simply as routine competence, to ensure that deposits are promptly credited, chargebacks are detected and collected as soon as possible, transfers are properly executed and that no checks or other withdrawals are improperly charged against accounts. If too much time is allowed to elapse, it might not be possible to correct errors and unauthorized transactions. It is common sense and should go without saying that accounts need to be reconciled as soon as possible and, as a practical matter, *the quoted two-month standard is inadequate.*

Accounts are initialed by the employees who prepare them and by the chief civil deputy and sheriff. We are criticized simply for not dating the initials. Although not directly related to reconciliations, the chief civil deputy looks online at activity in the most important accounts on a daily basis, to ensure that errors and deposit chargebacks are handled promptly.

3b) We have a small office; complete segregation of duties is certainly not feasible and, in some cases, maybe not even possible. *Thus, the sheriff reviews all reconciliations.*

While he has the authority to post ledgers and issue checks, the chief civil deputy does not issue checks except in cases when another authorized person is not available and time is of the essence. Policy requires him to notify the office manager when he has done so.

Collections

5a) The purpose of having separate cash drawers for each employee is to help prevent embezzlement and/or make it easier to determine whoever may be responsible for errors or lost funds. The civil office has only two cash drawers; one for court and traffic payments and one for tax payments. The office cannot be reconfigured to utilize more drawers. All payments are sequentially numbered by the system and the drawers are balanced to system reports at the end of business each day. If a payment is not properly credited and deposits are not balanced to system records, some fine or tax payer would very quickly complain.

7d) Twenty-one of the referenced items were included in general fund deposits. Only *four* of the items, *totaling forty-five dollars*, were cash; the other seventeen were checks or money orders. Undeposited receipts are held until there are enough to justify making a deposit and locked up overnight. It is not feasible or time-efficient to prepare a deposit and run to the bank every time someone pays a few dollars in cash, such as for an accident report or the above-mentioned travel advance return. The value of the time expended far exceeds the potential for loss! Checks present very little potential for loss: they can be stopped and re-issued or replaced if fraudulently negotiated!

Two of the referenced items were *money orders* deposited to the Female Inmate Trust, totaling \$260. Money orders can be replaced. Even if not, \$260 would not be a material loss to the department. The same time-efficiency considerations apply as with the general fund. One \$50 transaction was not researched. It would have been inmate funds for which a receipt would have been provided. In the event

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2019

Schedule B

of loss, the inmate would have proof the funds were received by the department and a \$50 loss would not be material.

Six items, totaling \$577.61, were deposited into the Inmate Trust fund at the detention center. This was not researched. However, since most inmate cash is deposited via the kiosk, it is likely that most, if not all, of these items consisted of checks or money orders.

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

9d and 10b) Although it is likely that the accounts payable clerk placed many batches of outgoing checks on the meter to be stamped and mailed, it is not possible for the auditors to have determined who actually took the checks to the post office (mailed the check(s)). After checks are prepared, they are placed on the postage meter. Unstamped mail is usually, but not always, run through the meter by whoever is going to take the mail to the post office. This is usually, but not always, someone different from the accounts-payable clerk.

This is a small office. All employees are usually quite busy with their primary duties so requiring another employee to mail the checks can be unnecessary and impractical and other controls are in place. The accounts payable clerk cannot generate a check without approval from the chief civil deputy. The accounts payable clerk does not have signature authority. Since the chief civil deputy frequently works with general ledger accounts, both research into budget variances and pure statistical accident would allow him to eventually discover if checks were being misrouted or issued to fraudulent payees. Vendors will complain if they are not paid. If a search indicates that an invoice was apparently paid but the vendor claims non-receipt, further investigation would discover any fraudulent negotiation. The chief civil deputy and sheriff review lists of expense checks generated.

Contracts

15b-d) The auditors provided their spreadsheet detailing results. For the two exceptions:

- 1) It is not normal practice to negotiate and execute contracts for routine plumbing or electrical repairs, and the cited exception was under the threshold for bid law consideration.
- 2) The third exception involved numerous internet purchases. There is no formal contract for unpredictable and unplanned retail purchases.

Ethics

20b) According to the Louisiana Legislative Auditor's Best Practices publication, *this is only a suggestion, not a requirement*. Nevertheless, the department's policies and procedures will be revised according to the Legislative Auditor's best practice *suggestions* as applicable.